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Angola Says Pretoria Forces Capture Key Border Capital

From Agency Dispatches
LUANDA, Angola — Angola said Sunday that the capital of its southern border province of Cunene had fallen to invading South African forces...

be identified, said the chief of the Defense Force, Gen. Constand Viljoen, had made it clear Friday that the South African security forces were withdrawing...

en Angola whether the equipment destroyed had included Soviet-made SAM-3 and SAM-6 missiles that were reported to have been recently installed in southern Angola.



South African soldiers taking a rest in Xangongo, Angola.

U.S. Isolation Grows In UN Over S. Africa

By Bernard D. Nossiter
New York Times Service
UNITED NATIONS, N.Y. — The United States appears to be increasingly isolated at the United Nations as the Security Council seeks a formula to condemn South Africa's incursion into Angola.

derstood in its "surrounding context," Mr. Lichenstein said, a "context" marked by the fact that Angola contains "large elements of foreign advisers," an allusion to the up to 20,000 Cuban troops and other foreign military advisers.

Heavy Bombardment
Four foreign journalists flown Friday by the South African Defense Ministry to Xangongo said the old Portuguese colonial structures in the center of the town appeared relatively unscathed.

American Position
The American position was underlined forcefully in a speech Friday night by the acting U.S. delegate, Charles M. Lichenstein, who delivered what amounted to a defense of the Pretoria government's action.

The U.S. view is diametrically opposed to that of nearly every other UN member, all of which regard South Africa as an illegal occupying power in Namibia.

Cuba troops have been stationed in Angola since the country gained independence from Portugal in 1975. Western estimates put their number at up to 20,000.

Warsaw Offers to Give Solidarity 2 Prime-Time TV Slots This Week

By John Danton
New York Times Service
WARSAW — The government offered the Solidarity union two half-hour programs on prime-time television this week, as talks began over the union's demand for access to the state-controlled press and broadcasting.

[The union began the anniversary celebrations Sunday with a mass rally in Gdansk at the West-plate Peninsula for the rededication of a cross in memory of Polish soldiers killed at the outbreak of World War II, Reuters reported.

The government has often taken a hard-line stand before negotiations and then eased off under threats from the 10-million-member independent union. That could well happen again, but some long-time observers, including some Solidarity leaders, believe the government's tough attitude runs deeper than this.

Bread Price Rise
In a separate development, Poles faced the prospect of greatly increased bread prices on Monday, the first anniversary of the free trade union charter that resulted in Solidarity's creation.

Solidarity is insisting on what it calls thorough and fair news coverage of its first congress, which opens Saturday in Gdansk. It wants either complete live television transmission or some sort of comprehensive daily television program over which it would have editorial control.

Mr. Urban, a journalist, is regarded as the most anti-Solidarity figure among Warsaw's writers. In his new capacity, he was the chief government negotiator Saturday.



A policeman stood guard over one of the men suspected of throwing hand grenades at a synagogue in Vienna. The man was one of those injured in the attack, in which two persons died.

Synagogue in Vienna Is Attacked; 2 Killed

From Agency Dispatches
VIENNA — Two persons were killed and about 20 were wounded when two heavily armed men described as Arabs launched a gun and grenade attack on a Vienna synagogue Saturday.

Interviewed on Israeli television Sunday, Mr. Shamir said: "We warned the Austrian government about the tragic results that could arise from its tolerant attitude to..."

European Coolness to Missiles Worries U.S.

By John Vinocur
New York Times Service
WASHINGTON — Administration officials are increasingly concerned that European members of NATO, in the face of growing opposition at home, may not be able to carry out the alliance's decision to start deployment of modernized U.S. medium-range nuclear weapons in late 1983.

Europeans have said that the confrontation policies of the Reagan administration, and its decision to produce neutron weapons, are major reasons for the Western European opposition to the program.

Tehran Blast Injures President, Premier

From Agency Dispatches
BEIRUT — President Mohammad Ali Rajai of Iran and Premier Mohammad Javad Bahonar were injured Sunday in an explosion at the premier's office in Tehran, Tehran Radio reported.

The two men were taken to a hospital, the state-run radio said. Executive Affairs Minister Behzad Nabavi described their injuries as "severe," but he did not elaborate.

Pars reported that firemen were trying to rescue "a few people who have been trapped in the elevator," but the agency quote Health Minister Hadi Manafi as saying that all the injured were in satisfactory condition.

Hashemi Rafsanjani, speaker of the Majlis (parliament), condemned the explosion as a "last-ditch effort by American hirelings," a term used by the clergy-led regime to describe its opponents.

An extraordinary session of the Iranian Cabinet was called at sundown to discuss the incident, the radio said. It said the meeting was arranged by Mr. Rafsanjani, Mr. Nabavi and the interior minister, Ayatollah Mohammed Reza Mahdavi Kani.

Tehran Radio and Pars reported raids on hideouts of the leftist Mujaheddin opposition group in almost a dozen towns, with a total of more than 160 arrests.

Both of the assailants were captured and one was shot by police in a gunbattle during the attack, which littered the street with spent shells and glass shards.

The statement, which quoted reliable sources as saying that Mr. Bahonar and Mr. Rajai were seriously injured, called on Iranians to resist the government and to join armed underground groups in Iran.

The fighting has also spread beyond Iran's borders. In New Delhi, 21 persons were injured Saturday in a clash between Khomeini supporters and Mujaheddin members outside the UN information office.

Reagan Reversal

As a candidate, Ronald Reagan liked to ridicule former President Jimmy Carter for suggesting that the American people ought to lower their expectations. But since taking office, Reagan has had to lower his own expectations and in no case has this been more evident than in last week's abrupt reversal on the size of the defense build-up.

Libyan Explosives

Twenty tons of plastic explosives were secretly and illegally shipped from the United States to Libya in 1977 for use in the manufacture of bombs for terrorism, in a deal organized by a former agent for the CIA, according to U.S. government investigators and participants in the transaction.

Dublin Pressure

The prisoners' hunger strike in Belfast puts mounting pressure on the fragile new coalition government in the Irish Republic. Despite the country's pressing economic problems, the hunger strike preoccupies Premier Garret FitzGerald's Dublin government.

Lowell Thomas

Lowell Thomas, 89, radio and television broadcaster, author and world traveler, dies of a heart attack at his estate in Pawling, N.Y. One of Thomas' feats as a World War I reporter was the "discovery" of Col. T. E. Lawrence — Lawrence of Arabia. Page 6.

Haig Accuses Salvadoran Rebels of Terrorism

By Bernard Gwertzman
New York Times Service
WASHINGTON — Secretary of State Alexander M. Haig Jr. has accused the rebels in El Salvador of engaging in "straight terrorism" against the civilian population, and has again accused Cuba and the Soviet Union of playing major roles in fomenting the civil war in El Salvador.

His harsh words about the leftist guerrillas came at a news conference Friday at the State Department, shortly before the French and Mexican governments issued a statement in which they recognized the rebels as a "representative political force" in El Salvador.

A senior State Department official said later that the joint French-Mexican letter to the UN Security Council was "unhelpful" to U.S. efforts to build support for the Salvadoran government of Jose Napoleon Duarte and to press the leftist forces to agree to elections under the government's auspices.

moderating the harsh exchanges that have characterized the last eight months. Tass said the Reagan administration is bent on arresting progress in U.S.-Soviet relations or in arms limitation talks, and on altering the "very foundation of relations between the USSR and the USA" through a new round in the arms race.

He repeated the Reagan administration's pledge to seek "social justice" in El Salvador through measures to build up the country's economy and political stability, but he said that process "cannot proceed under a set of security conditions which are fed from outside Salvador, led first and foremost by Cuba, with provision of more than ample funds and resources from the Soviet Union."

He said the United States had "an obligation" to help the Salvadoran government so long as "this external assistance" continued. He again said that the administration was considering ways of confronting Cuba but that it was "prematuring" to reveal them. Other officials said plans were under consideration to create a radio station to beam broadcasts to Cuba and to take measures to tighten the U.S. economic embargo against Cuba.

Officials said the Mexican-French statement has made public in a forceful way the differences between Washington and some of its closest friends over El Salvador. The Reagan administration has declared that the main leftist organizations should play a role in the El Salvador political scene but only by agreeing to elections.

Earlier last week, the Soviet Politburo officially made a similarly negative assessment of U.S. policies in a statement on the conclusion of President Leonid I. Brezhnev's meetings with Communist leaders in the Crimea. U.S. military and foreign policies, including President Reagan's decision to produce neutron weapons, "create a threat to the security of Socialist and many other states, have slowed the process of detente, deteriorated the international political climate as a whole," the statement said.

Mr. Haig also said the Cubans and, to a lesser extent, the Russians continued to provide armaments and to help direct the guerrilla movement.

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The sharply worded Tass dispatch also assailed statements Mr. Haig made on South Africa, Cuba, North Korea and the arms race, concluding that "Washington officially proclaims the cult of brutal force and military blackmailing of other countries and peoples as the foundation of its foreign policy."

In the U.S. administration's initial reading of the French-Mexican statement, a senior official said there was considerable "fuzziness" in the document. He said it seemed to reflect a French effort to tone down Mexico's support for the Salvadoran leftists. Paris has made clear its unhappiness with Washington's emphasis on the Cuban and Soviet roles in the civil war, but the French Socialists have been unwilling to go as far as the Mexicans in extending formal political backing to the rebels.

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Pressure Over Hunger Strike Puts Dublin in Delicate Position

By William Borders
New York Times Service

DUBLIN — The prisoners' hunger strike in Belfast is putting mounting pressure on the fragile new coalition government in the Irish Republic.

Despite the country's pressing economic problems, the hunger strike is preoccupying Premier Garret FitzGerald's government. A knowledgeable official in Dublin had this explanation:

"Although FitzGerald knows that it must be Britain, not Ireland, that ultimately solves the hunger strike problem, he has to show a degree of militance so as to satisfy the hard-line elements here. But he can't be too militant, or he'll alienate the other side, as well as the British."

Last week, in an attempt to demonstrate his concern, the premier held a comprehensive two-day review of the Northern Ireland problem with top officials and the ambassador to London, although there was no sign before or afterward that it would lead to any meaningful initiative.

The delicacy of Mr. FitzGerald's

position reflects the ambiguity that always charges Dublin's position on the nationalist struggle in the North: Although governments here consistently deplore the political violence, they nevertheless share with the guerrillas the goal of reuniting the island. Even the Irish Constitution claims sovereignty over the entire island of Ireland, including the six counties that are now British.

Any Irish politician dealing with the problem must bear in mind that a significant segment of the population here supports the Irish Republican Army and other guerrilla organizations in the North. And at times of crisis, such as now, the subtleties become perplexing, like the decision to fly the flag at half-staff over the Parliament Building here when Kevin Doherty died on the hunger strike early in August. Although he was serving a 22-year sentence for crimes in the North, Mr. Doherty was a member of the Irish Parliament.

In Cork, the republic's second largest city, politicians have been wrangling for some time over an anti-British demonstration on a main square. Supporters of the

hunger strike have taken over the square in a round-the-clock demonstration. They have put up black flags of mourning for the dead prisoners and a huge picture of Prime Minister Margaret Thatcher, grotesquely caricatured, with the slogan, "Wanted for Murder."

There are people in Cork, including businessmen dependent in the summer on British tourists, who want the demonstration stopped, but as one of them put it, "No one's of a mind to cross the IRA supporters at the moment."

Rapprochement Is Seen

On the other hand, Mr. FitzGerald is wary of jeopardizing what has seemed a genuine rapprochement between London and Dublin early this year, before the hunger strike began. Thus, while discussing Mrs. Thatcher of "inflexibility" on the prison protest, he has taken a considerably more gentle line than Deputy Premier Michael O'Leary, the head of the rival Labor Party, who called her approach "obdurate, intransigent and uncaring."

Mr. FitzGerald came under particular pressure last week from Owen Carron, 28, the militant who was elected recently to the British Parliament after a campaign in which he had made the prison hunger strike the principal issue.

"I expect Dr. FitzGerald to call publicly on the British government to grant the five demands" of the protesting prisoners, Mr. Carron said. "I expect him to expel the British ambassador and to recall the Irish ambassador from London and also to withdraw Irish troops from maintaining Britain's border in Ireland."

In the present mood of Irish politics, these were difficult points for the premier to answer, and he made no public response at all. But he did refuse to meet with Mr. Carron, again without explanation. Mrs. Thatcher also refused to meet with him, although she did set up a meeting for him with Michael Alison, deputy to Humphrey Atkins, the Northern Ireland secretary.

In an interview in the Irish Times, the newest member of the British Parliament said that "legitimate armed action against the British forces" was a necessary part of the nationalist struggle in Northern Ireland.

Recalling that Mr. FitzGerald's mother and father both participated in the Dublin Post Office uprising in 1916, which led to Irish independence a few years later, Mr. Carron said:

"FitzGerald's father was a gunman, and nobody inquires into the legitimacy of that. So if a thing is legitimate in 1920, I don't see what makes it illegitimate in 1981. If you look throughout world history, freedom was achieved in every country in the world through some sort of resistance to an oppressor, and in most countries through armed resistance."



The French minister of external relations, Claude Cheysson, left, and the PLO leader, Yasser Arafat, right, as they met for talks at the home of Lebanese Premier Shafiq al-Wazzan in Beirut.

French Official, Arafat Meet in Beirut; Talks Called 'Constructive'

From Agency Dispatches

BEIRUT — The French minister of external relations, Claude Cheysson, met Yasser Arafat, chairman of the Palestine Liberation Organization, Sunday at the home of Premier Shafiq al-Wazzan after a diplomatic dispute about where the conversation should take place.

Mr. Arafat described the 50-minute meeting as "very constructive." He added, "We spoke frankly concerning the whole problem in the Middle East, especially the Palestinian cause and Palestinian rights, all our rights as a people."

He said Mr. Cheysson took a positive stand and said that he could meet the French minister again, but did not say when.

But Mr. Cheysson, when asked at the airport before leaving for Damascus if the meeting heralded any change in France's attitude to the PLO as a representative of the Palestinian people, replied "no."

The French minister said a solution to the Palestinian question was the key to resolving the Middle East and Lebanon crises. He emphasized the right of both the Israelis and Palestinians to a state with safe and secure boundaries.

Mr. Cheysson said his visit to Lebanon had the central part of his Mideast tour. He said the continuing attacks on Lebanon were tragic and described as shocking the damage to buildings in Beirut caused by factional fighting and Israeli air strikes.

France, he said, was discussing with the Lebanese government ways of helping build up its security forces, both by sending equipment and by training officers and men.

Earlier it seemed that the Cheysson-Arafat meeting would not take place because of disagreement between France and the PLO over where it should be held. France wanted the talks at the residence of the French ambassador, while Mr. Arafat wanted Mr. Cheysson to come to his Beirut office — a venue that to the PLO would have indicated French recognition of the organization.

A PLO spokesman said Mr. Wazzan had offered his apartment as a meeting place during morning talks with Mr. Cheysson. When Mr. Cheysson agreed, Mr. Wazzan communicated the offer to Mr. Arafat, who also agreed, the spokesman added. The meeting took place in the afternoon. Louis Delamar, the French ambassador, and Farouk Kaddoumi, head of the PLO's political department, also attended the meeting.

The compromise ended the deadlock over the meeting, which was to have been held Saturday, following Mr. Cheysson's arrival in Beirut from Amman, Jordan. He is making a tour of Jordan, Lebanon and Syria.

In a statement issued Saturday, the PLO noted that a French presidential envoy during Valéry Giscard d'Estaing's administration had met with Mr. Arafat at his Beirut headquarters.

The statement expressed the hope that the Socialist administration of President Francois Mitterrand would facilitate the Arafat-Cheysson meeting "out of kindness to preserve the Franco-Palestinian as well as the Franco-Arab relations."

Mr. Cheysson talked with Lebanon's deputy parliament speaker, Munir Abu Fadel, and with Patriarch Mar Antonios Butros Khreish, spiritual leader of Lebanon's large Maronite Christian community, before the meeting with Mr. Arafat.

Mr. Cheysson met with President Elias Sarkis on Saturday. "I am carrying a French message from France, knowing the suffering of the Lebanese people has surpassed the limits of the acceptable," Mr. Cheysson said after his meeting with Mr. Wazzan.

Irish Fester Seriously Ill; Unionist Assails Catholics

From Agency Dispatches

BELFAST — Lawrence McKeown, 24, an Irish Republican Army member in his 62d day without food, was "dangerously ill" Sunday, his supporters said. He is serving a five-year sentence in the Maze Prison near here for bombing and attempted murder.

Philippines Bars U.S. Clergyman

United Press International

MANILA — Immigration authorities on Sunday refused to let an American Roman Catholic priest enter the Philippines because he allegedly urged the overthrow of President Ferdinand E. Marcos.

Rev. Ralph Kroes, of the New York-based Maryknoll Fathers, was sent back to the United States when he arrived in Manila, said Immigration Commissioner Edmundo Reyes. Mr. Kroes had been on leave and was returning to his post in the southern Philippines, which he has occupied since 1969.

Mr. Reyes alleged that Mr. Kroes had "conducted teach-ins with the NPA [New People's Army] and advocated the overthrow of the Marcos administration." The NPA is the military arm of the underground Communist Party of the Philippines.

Only three hunger strikers have

lasted longer: Bobby Sands, who died in the 66th day of his fast, Kevin Lynch, who survived 71 days, and Kieran Doherty, who lasted 73.

Meanwhile, the leader of Northern Ireland's largest political party accused the Roman Catholic Church Saturday of moving closer to the Republican cause and called on it to condemn the Maze Prison hunger protest.

Speaking at a Protestant rally in Belfast, Jim Molyneux of the Official Unionists condemned violence by gunmen from both Protestant and Catholic groups.

His party supports the continued union of the troubled province with mainland Britain, in contrast to the Republican aim of integration with the Irish Republic.

Mr. Molyneux said the hunger strike, in which 10 members of the outlawed Irish Republican Army and Irish National Liberation Army have died, was causing "mounting bitterness which could destroy Northern Ireland."

He said the Catholic Church "shares a responsibility to say, 'Enough is enough' and call an end to the hunger protest, which Bobby Sands began March 1."

But instead, he said, the church had "come closer" to the Republican cause.

Six Republican prisoners are continuing the hunger strike in a quest for better prison conditions and political status.

U.S. Isolation Grows in UN Over S. Africa

(Continued from Page 1)

such American allies as Britain and France to the Soviet Union, have criticized the South African raid.

Mr. Lichenstein's brief address prompted an unusual, spontaneous exchange with the Soviet Union. The deputy Soviet delegate, Richard S. Ovinnikov, challenged the American to say whether "he is prepared to vote for a strong condemnation of the acts of aggression committed by the racist regime of South Africa."

Mr. Lichenstein replied, "My government is prepared in the proper framework to support the call, indeed the demand, for the

prompt withdrawal of the forces of South Africa."

Mr. Ovinnikov, with a broad smile, threw down his pencil on the horsehoe desk, evidently satisfied that he had made his point. Later, a senior Western diplomat said that the outcome of the debate here "will only be a gain for the Soviet Union."

The diplomat meant that he expected the United States alone to veto any resolution that is presented. This would anger African nations and highlight the differences between Washington and its Western allies, which have been seeking to persuade South Africa to accept independence for Namibia.

Europe Coolness on Missiles Worries U.S.

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the discussion about the neutron weapon is regarded as a subordinate matter because, unlike the missile plan, it does not involve a political decision made unanimously by alliance members that may lack the resolve to carry it out.

This evaluation is shared by many of the Europeans who support the missile deployment. They believe it is a necessary measure to counter Soviet SS-20 missiles targeted on Western Europe and their potential use for political pressure.

They are particularly concerned that the collapse of the NATO

plan would result in a wave of "retreat America" isolationism.

The kind of worries about the missile program that are growing within the State Department were indicated in a statement made two months ago by Lawrence S. Eagleburger, assistant secretary of state for European affairs, who said that if the alliance retreats from the plan, "substantial and lasting damage could result."

"We would lose our credibility with the Soviets, while demonstrating that they have a veto over NATO deployment decisions," he said. "We would raise a doubt in the mind of many Americans who would not understand why our allies are less committed to their security than is the United States. And worst of all, we would all be profoundly uncertain of our future ability to take difficult decisions together."

Mr. Eagleburger characterized as "vicious and unsavory" the central argument used by the so-called European peace movement in attempting to block the missiles' deployment — that they represent a U.S. attempt to contain a future nuclear conflict in Europe.

Since Mr. Eagleburger's remarks, growth of opposition to the program has accelerated in the Netherlands, where one opinion poll maintains that only 14 percent of the nation's citizens favor basing the new missiles on Dutch soil, and in West Germany, the most important military ally of the United States and the country whose attitudes hold the key to deployment.

This growth in opposition, apparent through the summer in increasingly aggressive press campaigns, now appears certain to continue through the fall. An anti-

missile demonstration, already billed as the largest in postwar history, is scheduled for Oct. 10 in Bonn. Virtually every weekend during the autumn there will be regional Social Democratic Party meetings at which delegates will be asked to vote whether to reject or reaffirm the missile program in preparation for a decisive vote at a national party congress in April.

By some calculations here, the pattern of West German public opinion could become conclusive by November or December. Since Chancellor Helmut Schmidt has said he would quit if his party turned against the NATO decision, an unstable political situation could develop in West Germany by the end of the year.

2 Killed in Attack on Vienna Synagogue

(Continued from Page 1)

members of these organizations. There is no doubt that this tolerant attitude and the sympathy that they have received from the Austrian government encourages them to carry out actions of this kind.

The Austrian government, meanwhile, summoned the Israeli chargé d'affaires to explain Israeli statements criticizing Austria for the attack.

Police spokesman Werner Liebhart said Saturday that one of the assailants claimed membership in al-Assif, the military wing of al-Fatah, the largest guerrilla group in the PLO.

A witness said the wounded attacker made a V-for-victory sign with his fingers and said, "PLO, PLO."

There were 200 persons gathered at the 155-year-old synagogue attending the bar mitzvah, a ritual that celebrates a boy's 13th birthday. The attack was the second against Jews in Vienna in a month.

Police said the terrorists attempted to enter the synagogue by concealing their weapons and wearing yarmulkes, traditional Jewish skullcaps, to disguise themselves as Sabbath worshippers. In the confusion that followed, the two uniformed policemen fought off the terrorists with the aid of a private bodyguard.

According to a police reconstruction of the attack, the two men planned to make their attack as the congregation left the synagogue. But one of the men panicked and threw a grenade, injuring one of the guards. The other assailant shot the second policeman in the back and ran away, firing wildly at passers-by, before he was overpowered.

Apartment Searched

Police said a search of an apartment linked to the attackers had turned up a PLO flag, pictures of PLO chief Yasser Arafat and a collection of newspaper articles about the organization. They said the two men contended under questioning that they had first met each other just before the attack, identifying themselves to each other by wearing a red rose and green safari cap.

The detained men were named as Mohammed Hisham Rajih, 21, from Baghdad, a student in Vienna since 1979, and Ali Yussuf, 30, who said he traveled from Switzerland Wednesday with another man who had since left Austria. There

were no details about the other persons arrested.

One of the attackers told police he belonged to al-Assif. The group is reported to be headed by hard-line Saudi al-Banna, code-named Abu Nidal, who broke away from the PLO early in the 1970s.

The group claimed responsibility for the killing last May of Vienna City Councilor Heinz Nittel, president of the Austrian-Israeli Friendship Society, and threatened the life of Chancellor Bruno Kreisky for his attempt to mediate between Israel and the Palestinian leadership.

In Saturday's incident, Red Cross officials said a 25-year-old woman died en route to the hospital from wounds suffered while trying to shield a friend's child. A 68-year-old man also died in the

hospital from injuries. Both were Austrians.

In 1979, Mr. Kreisky became the first Western leader to receive Mr. Arafat. Soon afterward, Austria officially recognized the PLO's Vienna representative.

The chancellor, who was on a visit to Palma de Mallorca, told the Austrian radio in a telephone interview that the attack was an act by extremists who wanted to sabotage a growing understanding in democratic countries for the Palestinian cause. He dismissed remarks by Israel that the incident was the result of Austrian leniency toward the PLO.

Israeli Deputy Premier Simcha Ehrlich said the attack was a violation of the cease-fire reached in Lebanon last month between his country and Palestinian guerrillas.

WORLD NEWS BRIEFS

Party in Belgian Cabinet Rejects Draft Budget

BRUSSELS — The French-speaking Christian Democrats, partners in Premier Mark Eyskens' Cabinet, have rejected the 1982 draft budget on the ground that it does not do enough to improve Belgium's precarious economy.

They demanded additional steps, notably in the area of job creation for unemployed youth, to boost the economy, and said they would draw up their own budgetary amendments this week.

The move could threaten Mr. Eyskens' brittle, four-party government, which is made up of Socialists and Christian Democrats each split into Flemish and French-speaking camps. Mr. Eyskens this month presented an austerity budget with a projected record deficit equivalent to \$1.7 billion after raising taxes and making deep cuts in spending.

Thousands Protest at New Zealand Rugby Match

WELLINGTON, New Zealand — Police in riot gear clashed with several thousand anti-apartheid demonstrators as the touring South African Rugby Union team beat New Zealand in the second test match in Wellington.

Police said 29 persons were arrested and 20 injured as protesters tore down a barbed wire barricade and pelted police with water bombs and fruit as the visitors beat New Zealand 24-12 Saturday. Police said a smoke bomb went off inside during the game.

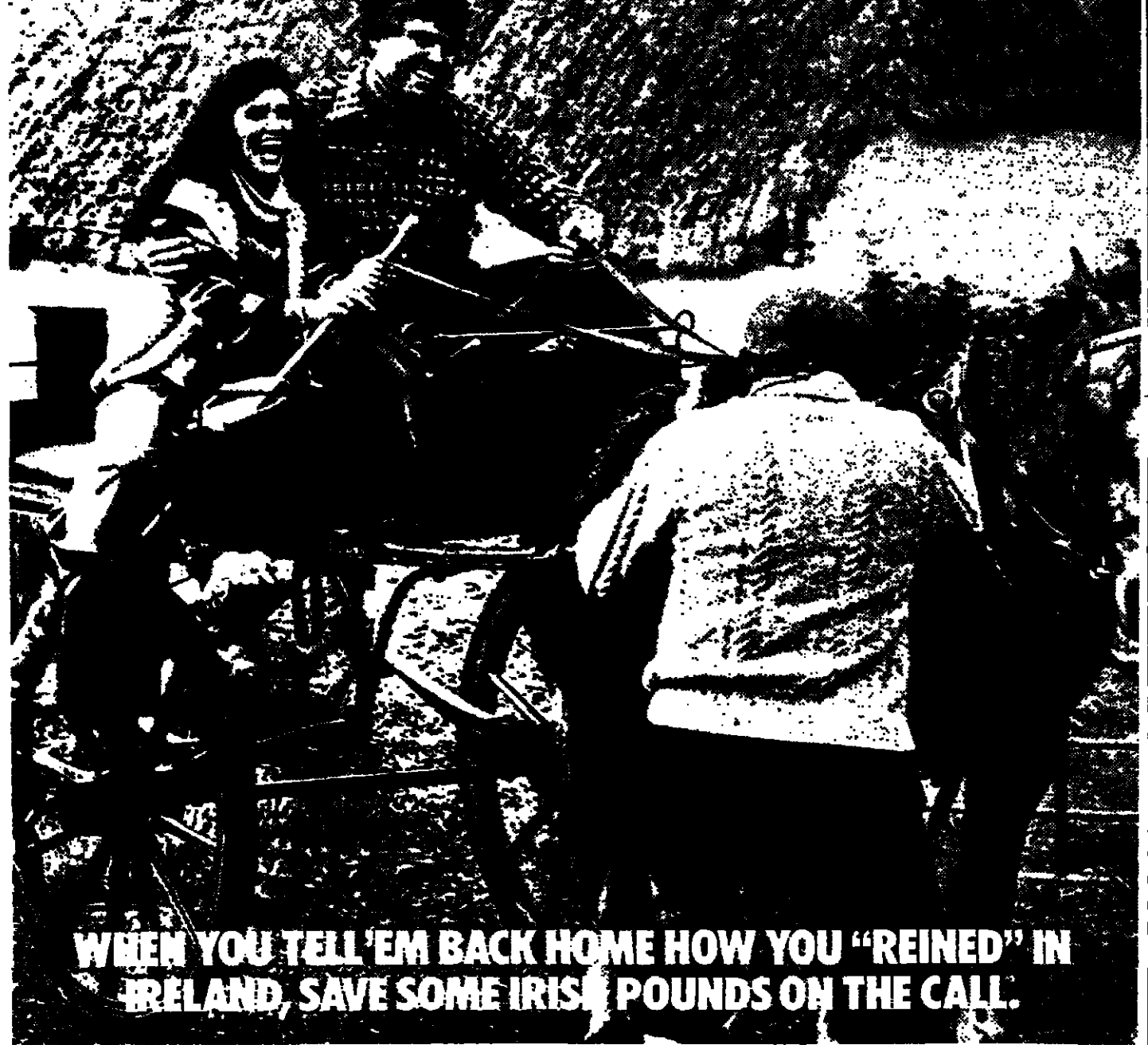
A grenade charge exploded at the Wellington rail yard early Saturday halting trains for six hours, police said. No one was injured. Before the match got under way groups of demonstrators blocked highways leading into Wellington, causing traffic jams and forcing some rugby supporters to miss the game. There were also demonstrations in other parts of the country.

Deng Calls for Criticism of 'Bourgeois Liberalism'

PEKING — China's deputy party chairman, Deng Xiaoping, was quoted Sunday as calling for strong criticism of intellectuals who advocated "bourgeois liberalism," which he said meant opposition to the Communist Party.

The Chinese news agency said that in a speech last month Mr. Deng decried Maoist-style campaigns against artists, but called for more intense criticism of people who had committed errors. He was quoted as saying: "The essence of bourgeois liberalism is opposition to leadership by the party."

Sunday's report was the latest of several during the last two weeks indicating a crackdown on artistic dissent. However, Mr. Deng said China's policy of allowing political debate within party guidelines would continue, in contrast to Mao's Cultural Revolution, when virtually all open discussion was banned.



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Arms Budget Ceiling Illustrates Reagan's Lowered Expectations

By Howell Raines
New York Times Service
SANTA BARBARA, Calif. — As a candidate, Ronald Reagan liked to ridicule former President Jimmy Carter for suggesting that the American people ought to lower their expectations. But since taking office, Mr. Reagan has had to lower his own expectations.

NEWS ANALYSIS

abrupt reversal on the size of the defense buildup that Mr. Reagan has called necessary to close the "window of vulnerability."

The president's original proposal — an increase in the military appropriation of 7 percent a year for five consecutive years — would cost \$1.5 trillion at a time when the government's income will be dipping because of the tax reductions that he has also called necessary to revitalize the economy.

Last week, White House spokesmen contended for the first time that the 7 percent figure was a "cap," not a pledge, thereby paving the way for the military construction that the administration avoided in its first round of budget planning.

7-Percent Solution

The watering-down of the 7-percent solution is an example of revisionism Reagan-style. Or the technique this administration uses to keep aligned its leader's principles and the unruly political and economic realities he confronts.

It is a process all administrations engage in, and so far Mr. Reagan has done a solid job of preserving his goodposts — sometimes, it seems, despite rather than because of his advisers' best efforts.

The emerging style of some Reagan aides is to deal with policy adjustments or conflicts by denying they exist, and sometimes that detracts from the impression of consistency.

Edwin Meese 3d, the White House counselor, assured reporters on Thursday that "7 percent was only a rough target for planning purposes — it was never an absolute figure."

Similarly, Mr. Meese and others involved said that there was no conflict on Wednesday when Defense Secretary Caspar W. Weinberger and David A. Stockman, the budget director, were summoned to Mr. Meese's cottage.

Yet Mr. Weinberger came out of that meeting saying there would be no steep cuts in the defense budget, while Mr. Stockman said that he had told Mr. Weinberger that some "squeezing" had to be done in military spending.

done a lot of things already and they may have to do more," Mr. Stockman added.

The upshot is that by the second week in December, officials said, Mr. Reagan may have to announce a reduction in the more than \$220 billion in military spending authority he has already set for fiscal 1982.

The case of Stockman-versus-Weinberger is a Reagan-era version of guns-versus-butter. Mr. Reagan believes there must be accelerated military spending to counter what he calls "the greatest military buildup in human history" on the part of the Soviet Union.

As for the domestic side of the spending formula, Mr. Reagan has already cut back sharply. Mr. Stockman has told the president that T. M. Weinberger has his way with the defense budget, Mr. Reagan will have to make truly drastic cuts in social programs, highways and other nondefense spending.

Additional Cuts Ruled Out

So far, such additional cuts have been ruled out as politically unacceptable. Even so, there are still areas in dispute. For example, Mr. Stockman must find an additional \$30 billion in budget savings in fiscal year 1983 and another \$44 billion in fiscal 1984. He would like the Department of Defense to absorb some of these reductions, so there will be a lighter blow against politically sensitive programs such as Social Security.

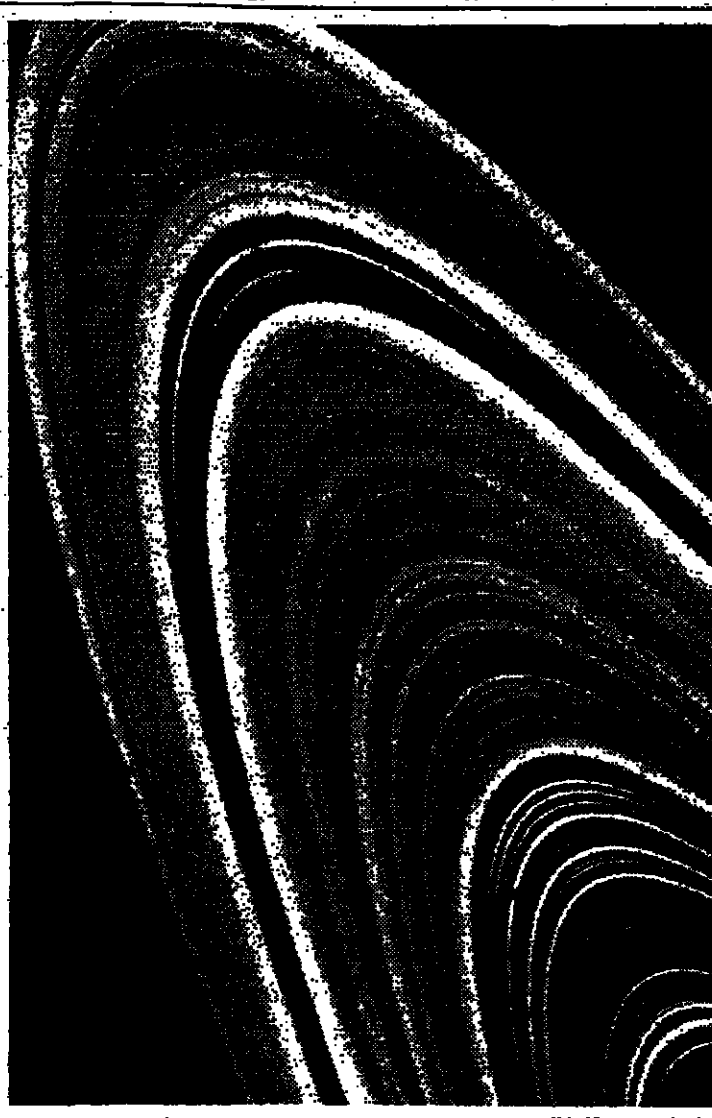
Said one official of the proposals for finding additional non-defense cuts, "I've seen some of the possible options for achieving the \$30 billion and the \$44 billion and they're pretty hair-raising."

The president also directed Mr. Stockman and Mr. Weinberger to compromise on their differences as to the formula for calculating the annual increase of 7 percent or less in defense spending.

Mr. Stockman has suggested that one track for meeting the goal of a balanced budget in 1984 is to calculate these increases from the 1981 military appropriation of \$176 billion. Mr. Weinberger favors using the 1982 appropriation of \$221 billion as the base figure.

While such intricate matters were being discussed at the White House vacation headquarters, Mr. and Mrs. Reagan spent most of the week in seclusion at their ranch, only Mr. Meese of the "big three" — the triumvirate of key advisers that also includes Michael K. Deaver and James A. Baker 3d — was with the president.

More so than usual, the operation reflected Mr. Meese's talent and taste for authority in his role as chief policy spokesman; indeed, some aides jokingly refer to him as "the prime minister."



Variations in the chemical composition of Saturn's ring system can be detected in this picture assembled from frames obtained last week by Voyager-2 from a distance of 5.5 million miles.

Passing Saturn, Voyager-2 Detects Odd Signals, Cloud

By John Noble Wilford
New York Times Service

PASADENA, Calif. — Strange pinging radio signals and a doughnut-shaped cloud of energetic particles, perhaps associated with Saturn's inner moons, have been discovered by instruments on the Voyager-2 spacecraft.

Scientists reported these findings Saturday as Voyager-2, its cameras taking pictures again after a three-day interruption caused by a mysterious malfunction, sped more than 2.6 million miles away from the giant, ringed planet. Engineers still cannot explain what happened to cause the camera-pointing mechanism to jam.

Dr. Donald A. Gurnett, a University of Iowa physicist and member of the Voyager science team, said the spacecraft's plasma wave instrument had detected "unusual radio emissions of low frequency" during its passage of Saturn last Tuesday. Recorded emissions sounded somewhat like the pings from dolphins playing in the ocean depths.

The signals, Dr. Gurnett said, seemed to be characteristic of Saturn and to be detectable only in the near vicinity of Saturn, particularly in the region of the inner moons Tethys and Dione. The signals were heard first by Voyager-1 during its fly-by last November but appeared stronger and more unmistakable when picked up by Voyager-2.

Signals Toward Saturn

Although the nature of the emissions was not completely understood, Dr. Gurnett hypothesized that they "are in some way associated with the inner moons of Saturn," whose rotations perhaps accelerate electrons in the magnetic fields and thus produce oscillations in the charged gases, known as plasmas, that have been discovered in the region. The radio signals, he said, seem to propagate only inward toward Saturn and not outward.

Another phenomenon discovered at Saturn, the cloud of electrically charged atoms, could act as the barrier containing the radio signals and keeping them from propagating outward, he added.

Data from two Voyager instruments, the low-energy charged particles and the plasma detectors, disclosed the existence of an invisible cloud of charged atoms, called ions, encircling a vast region that embraces the moons of Tethys and Dione. Tethys is 183,000 miles from Saturn, and Dione, 234,000 miles.

Dr. Herbert S. Bridge of the Massachusetts Institute of Technology said the doughnut-shaped cloud, called a torus, was "apparently very similar" to the one discovered by the Voyagers as they flew by Jupiter.

1 Torus near Jupiter was created by atoms, mostly oxygen and sulfur, emanating from the moon Io, which is about the same distance from Jupiter as Tethys is from Saturn. Scientists estimated that Io was feeding one ton of material into the torus every second.

According to the plasma detector, Dr. Bridge said, Tethys and Dione appeared to be discharging atoms at the rate of only two pounds a second. The particles are accelerated and energized by the Saturnian magnetic fields, an electrically charging process known as ionization.

Dr. S.M. Krimigis of Johns Hopkins University reported that the low-energy charged particle instrument indicated that the torus consisted primarily of ionized hydrogen with traces of carbon and oxygen. This had gone undetected by Voyager-1, which had observed only uncharged hydrogen atoms forming a neutral torus in the region of Titan.

Further analysis of photographs of Iapetus has led project scientists to conclude that at least half of the 900-mile-wide moon "is covered with a fairly thick stain of organic material," said Dr. Carl Sagan, a Cornell University astronomer and member of the Voyager science team.

He said this and the discovery by Voyager-1 of hydrocarbon smog enveloping the moon Titan indicated that complex organic chemical processes, perhaps like those that occurred on Earth before life emerged, are taking place in the cold outer solar system.

Suits Permitted Over Nixon Tapes

The Associated Press

WASHINGTON — The Supreme Court has refused to block any trials seeking to make former President Richard M. Nixon and his top White House aides pay for spying illegally on U.S. citizens.

The justices on Friday rejected a Reagan administration request that they reconsider their June 22 ruling and June 29 orders which appear to permit individuals, including former national security aide Morton Halperin and New York Times reporter Hedrick Smith, to collect damages from Mr. Nixon and his aides.

Mr. Nixon, former attorney general John Mitchell, and former White House chief of staff H.R. Haldeman previously were found to have authorized illegal wiretaps on the home telephones of Mr. Halperin, Mr. Smith and others in the late 1960s and early 1970s.

\$50 Million in Stolen Bonds Are Seized by FBI in 'Sting'

New York Times Service

NEW YORK — U.S. government agents posing as underworld dealers in stolen securities have seized three men, an arsenal of weapons and more than \$50 million in negotiable bonds in a "sting" operation that unfolded in a midtown hotel suite.

The operation, carried out Friday night and disclosed Saturday by the FBI, recovered what was believed to be one of the largest blocks of stolen or missing loot in criminal annals. A messenger was said to have "lost" the bonds on Aug. 20 as he carried them between banks in the Wall Street area. The largest cash robbery in U.S. history, by comparison, at Kennedy International Airport in 1978, netted \$5.8 million.

The FBI operation involved two confrontations with suspects at the Grand Hyatt Hotel and a clandestine, five-hour pursuit of two of the suspects in a rented limousine through Manhattan and Queens to four pickup points for the missing bearer bonds.

To win the confidence of the sellers, the undercover agents were said to have bought \$500,000 in bonds for \$65,000 in cash, flashed \$1 million in cash as a "sign of good faith" and promised to pay \$6.5 million for all \$50 million in federal home-mortgage guarantee bonds, which need only a bearer's endorsement to be cashed at any bank. Apparently convinced of their sincerity, the suspects brought the bonds back to the meeting place at the Grand Hyatt, where they were confronted by FBI agents.

Later, agents returned to the four pickup points and confiscated an additional \$1 million in bonds, all believed to have been stolen, as well as \$2,000 in \$100 bills, five handguns, two rifles, a bulletproof vest and a cardboard box full of ammunition that was described as having home-made hollowpoint shells that explode on impact.

The suspects — Steven A. D'Alessio, 42, of Queens; Gary Franklin Haas, 40, of New City, N.Y.; and William Anthony Decicco, 30, of Brooklyn — were charged with violations of federal statutes on embezzlement and theft of public money and additional conspiracy counts.

More Explosives Reported Sent to Libya in '77

Indicted CIA Ex-Agent Is Said to Also Organize 20-Ton Deal

(The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.)
New York Times Service

WASHINGTON — Twenty tons of plastic explosives were secretly and illegally shipped from the United States to Libya in 1977 for use in the manufacture of bombs for terrorism, in a deal organized by a former agent for the CIA, according to U.S. investigators and participants in the transaction.

The sources said that the deal, which involved financial transactions on three continents and the manufacture of the explosives in Canada and in four states, was consummated when 40,000 pounds of C-4 explosive compound were flown from Houston Intercontinental Airport to Libya in October, 1977.

The U.S. sources described the shipment as one of the largest illegal movements of explosives ever investigated by the government. C-4 is a powerful plastic explosive frequently used by the military for demolition work.

Indicted Ex-Agent's Role

The former intelligence agent who made the arrangement, U.S. investigators and participants said, was Edwin P. Wilson. In 1976, according to U.S. authorities, Mr. Wilson closed a deal with the Libyan leader, Col. Moamer Qadhafi, to use his expertise in intelligence, arms and explosives to train terrorists in Libya.

Mr. Wilson was indicted in 1980 by a U.S. grand jury on charges of illegally exporting explosives to Libya in connection with earlier, smaller shipments separate from the 20-ton transaction. Mr. Wilson is now a fugitive, believed to be living in Tripoli, the Libyan capital.

The 20-ton shipment has been under investigation by the Justice and Treasury departments for more than a year, and officials said that indictments are expected by a grand jury here in September.

Arrangements for the shipment, U.S. investigators said, began in the summer of 1977. By that time, they said, Mr. Wilson had established facilities outside Tripoli and in Benghazi and Tobruk for the manufacture of bombs for terrorist acts. These devices, made out of the plastic explosive compound, were shaped as ashtrays, attaché cases, coat hangers, rocks and other ostensibly harmless items.

Explosives Experts Hired

To create the devices and to instruct Libyans in their use, Mr. Wilson hired and brought to Libya a small group of American explosives experts, including several former Army ordnance officers, investigators said. The group also included one former government ordnance expert who had worked at the White House, in a suite housing several other companies

threats against Jimmy Carter when he was president. The ordnance expert later became a government witness.

A partial description of this operation was included in the 1980 indictment of Mr. Wilson and Frank E. Terpil, another former CIA operative who was also charged with illegally shipping explosives to Libya.

In July, 1977, shortly after the accidental detonation of a device killed three Libyans and wounded two Americans, one seriously, Mr. Wilson initiated discussions with California explosives manufacturer about obtaining a "shipload" of the C-4 compound, U.S. investigators said.

The manufacturer, Jerome S. Brower, was indicted along with Mr. Wilson and Mr. Terpil last year for his involvement in earlier, smaller shipments of explosives to Libya. Mr. Brower, president of J.S. Brower & Associates, an explosives manufacturing and distribution firm in Pomona, Calif., and participants in the deal said, the arrangements for manufacture of the C-4 proceeded in secret.

Because of the large quantity of C-4 needed by Mr. Wilson for the mass production of explosive devices in Libya, his associates in the United States had to parcel out orders to manufacturers in California, Louisiana, New York, Texas and Canada, U.S. investigators said.

The C-4, manufactured in Canada, New York and California, was transported by truck to J.S. Brower & Associates in Pomona, where it was repacked and sent by truck as a single shipment to Houston for final handling and forwarding to Libya, U.S. investigators said. They said that the C-4 made in Texas and Louisiana was shipped directly to Houston.

According to two participants in the operation, Mr. Wilson turned to a freight forwarding company that he had helped establish, Aroundworld Shipping and Chartering Inc., to consolidate and pack the C-4 and arrange its shipment. At the time, the firm had offices in Washington, in a suite housing several other companies

operated by Mr. Wilson, and in Houston.

For transportation of the explosives to Libya, Mr. Wilson's men contracted with a small air charter company based in Miami known by the initials JFC, according to the two participants and the U.S. investigators. They said the company operated a DC-8 that it used for the shipment of beef from South America to the United States.

Details of Payment

On Oct. 1, 1977, four of the men coordinating the shipment flew from Houston to Miami aboard a Continental Airlines flight to sign a contract with JFC. The contract called for payment of half a total cost of \$70,000 to \$80,000 before the DC-8 left Miami and payment of the remainder before it took off from Houston, the participants said.

Meanwhile, in Houston, the C-4, which was contained in five-gallon barrels, was readied for placement in the DC-8, the participants said. To deceive Customs Service inspectors, they said, the containers were labeled to indicate they held oil-well drilling fluid.

The containers shipped through customs as a routine shipment of oil field equipment and were never examined firsthand by customs inspectors, the participants said.

To disguise the final destination of the shipment, U.S. investigators and participants said, the plane's pilots filed an incomplete flight plan with the U.S. Aviation Administration, showing their route only as far as the Azores. Participants said the plane, which left Houston later in October, refueled in Portugal and continued on to Tripoli.

Immunity for 2 Participants

The U.S. government first learned about the illegal shipment more than two years later while questioning participants involved in the smaller shipments, investigators said.

In the ensuing investigation, prosecutors granted immunity to two key participants in the ship-

ment, according to a source familiar with the case. Mr. Brower was one given immunity after agreeing to plead guilty to the earlier charges. The other person, a former official of Aroundworld, has provided the government with details about the operation, investigators said.

Aroundworld remains in operation today with its only office located in Houston. The company is now owned and operated by Douglas M. Schlachter, according to Mr. Schlachter's attorney, Alvin C. Askew.

Mr. Schlachter, who is believed to be living in Africa, was a business associate of Mr. Wilson's in Washington. The 1980 indictment of Mr. Wilson, Mr. Terpil and Mr. Brower stated, "To oversee and manage the terrorist training project and to represent their interests in Libya, the conspirators sent Douglas M. Schlachter to Libya for periods of time between August of 1976 and January of 1978."

Since last February the company has also been the target of an unrelated investigation by the U.S. Maritime Commission, which licenses ocean freight forwarders.

Probe Continues Of Papal Assailant

The Associated Press

ROME — Although the Turk who shot Pope John Paul II is serving a life sentence, a state prosecutor has said "investigations are continuing in full force, looking for any possible accomplices."

Nicolo Amato, who represented the state at the trial of 23-year-old Mehmet Ali Agca, said Friday that Italian officials are working with Interpol to trace his travels through Europe, North Africa and the Middle East after his escape from a Turkish prison in November, 1979.

Police, admitting that there are many gaps in their knowledge of Mr. Agca's 18 months of traveling, are trying to determine who financed his journeys and helped him get false passports.

18 Hurt in Bomb Blast at Paris Hotel; Terrorist Group Believed Responsible

From Agency Dispatches

PARIS — A bomb exploded in the Intercontinental Hotel in central Paris Saturday, injuring 18 persons, none seriously, police said.

Police said Sunday they believed that an "international terrorist organization" rather than an individual was probably responsible for the bomb, which wrecked furniture, glass paneling, wood carvings and ceilings in a large area of the

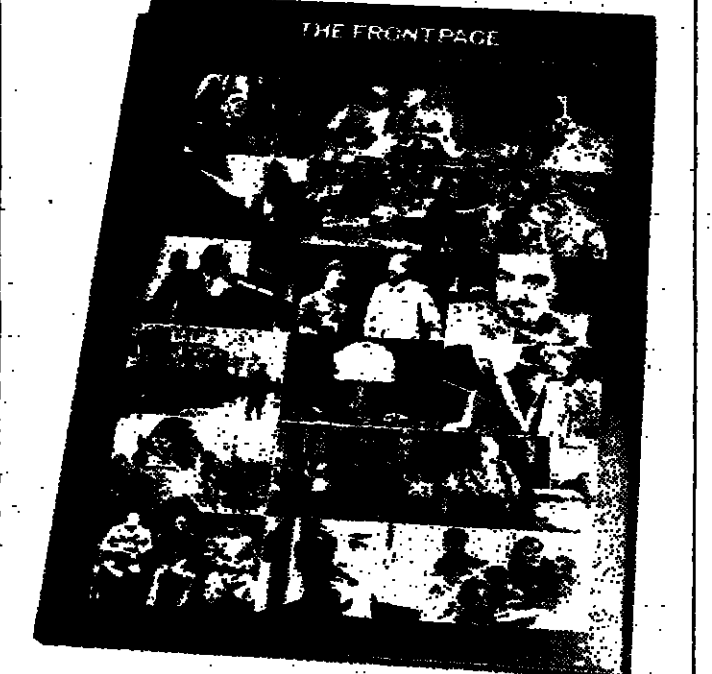
first floor of the 473-room hotel across from the Tuileries Garden.

"I would think it likely that the organization involved is one of the international ones we have had to deal with before — Armenians against Turks, Palestinians against Israelis or the Irish Republican Army against Britain," a police official said.

However, he did not say why he believed an international group was involved. No one has claimed responsibility for the blast.

THE FRONT PAGE

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INTERNATIONAL AIRLINES OF SPAIN
The Spanish challenge.

Different Circumstances

The United States, under the Reagan administration, is determined to stand firm on its rights in dealing with the world's troublemakers. But the case of the North Korean missile is not quite so unambiguous as the attack by the Libyan fighter planes. Incidents like these are, unfortunately, not uncommon along certain boundaries. It is better tactics not to let the American responses set a pattern of immediate and reflexive threats.

The North Korean missile exploded a few miles from the American reconnaissance plane as it flew along the Korean coast. The United States immediately declared that the plane was in international air space and denounced the firing of the missile as illegal. "The United States as a leader of the free world has an obligation to be a strong advocate of adherence to accepted rules of international law and behavior," Secretary of State Haig said at his news conference.

Earlier Edwin Meese, the counselor to the president, said that in the event of a repetition, American planes might attack the site from which the missile was launched. Language like that comes pretty close to a dare from which it might be difficult to retreat.

Some time ago Mr. Reagan said that he intended to leave the United States' adversaries in uncertainty about its reactions to a challenge. That posture seems by far the stronger one.

The Libyan attack took place over waters that everyone but Libya agrees to be clearly international. Jurisdiction over coastal zones is another matter, even along coasts less fiercely disputed than North Korea's, and when a plane may be flying at two or three times the speed of sound its precise location is not always easy to calculate with absolute precision. Few people in the United States or abroad will waste much sympathy on North Korea, which can always be counted on to do its best, within its limited means, to do something disagreeable. North Korea is not a country with a large regard for international law.

But it would not be helpful to the United States' larger purposes to let the success of the Libyan encounter — the success in military terms and, at home, political as well — turn into a cliché to form its answer to every challenge on any border.

THE WASHINGTON POST.

When Death Becomes Routine

This much has been proved by the 10 hunger strikers who have died to protest British rule in Northern Ireland: They put their lives at risk for a passionately felt cause, and gave their beliefs a powerful resonance. But something else has also been shown. In the cold coining of global attention, when death becomes routine, shock fades.

Four months ago Bobby Sands became the first striker to give up his life in the Maze Prison near Belfast. It was then an open question whether Prime Minister Thatcher would grant the political status or other changes demanded by Irish Republican Army prisoners. That question is closed: She didn't, and won't. Any shift in her stance is unlikely, since she has already braved the worst possible publicity.

So how long can the protest continue? It may be a sign of both waning attention and of weakening resolve that families of the H-block strikers want to halt a fast if they feel a striking prisoner cannot make a rational decision. Even IRA leaders are now debating how long the protest can remain politically productive.

The strikers haven't budged the British prime minister, but they have put themselves at the center of Irish politics. In the predominantly Protestant North, an IRA sympathizer has just won a parliamentary election for the seat briefly held by Bobby Sands. And in the predominantly Roman Catholic Irish Republic, a resurgent nationalism fed by the

fasts could bring down a moderate but unsteady government.

As Mrs. Thatcher knows, Dublin's help is essential to any rational resolution of a bitter quarrel. She knows, too, that the Irish Republic has expressed compassion for the strikers but disowns their cause. Ireland's Foreign Minister John Kelly has bitterly noted that IRA guerrillas exploit every gesture from Dublin to legitimize their protest.

"But when the government condemns their violence, their crude contempt for human life, their ruthless indifference to the wishes of most Irish people, suddenly the government's legitimacy counts for nothing, and its authority is the subject of insult...."

"This government says to the IRA: Call off your campaign of violence, cease the shooting and the bombing and the intimidation; halt the wicked cruelties that have shamed and disgraced the name of Ireland and its flag."

Truly countering the IRA, without or within prison walls, requires more than facing down the dedicated fasters. So long as Protestant die-hards in the North feel they have an unquestioned veto on any change in the province's status, the IRA will continue to find fanatic recruits. Dublin has bluntly censured republican extremists, but London has yet to speak as forthrightly to the Protestant ultras. Breaking that silence might indeed open a way out of the grim Irish maze.

THE NEW YORK TIMES.

Cars — The Future Is Now

A few months ago, Scientific American published an analysis of the future American market for cars and light trucks. The authors, Charles Gray and Frank von Hippel, concluded that the average fuel economy of the whole U.S. fleet built in 1995 could be 60 miles per gallon — even allowing for 40 percent of the sales to be of large cars and light trucks.

According to their calculations, which were based on improvements of existing technologies, the costs of the necessary changes would be less than \$1 per gallon of saved fuel. Considering that the comparable fuel efficiency figure for 1980 — that is, the average on-the-road fuel economy of new cars and trucks — was 18 mpg, the conclusion seemed somewhat incredible, more an academic exercise than a projection of practical reality.

Now, however, comes the announcement that Volkswagen is planning full-scale production of a four-passenger car that will deliver 75 mpg or more. The car will appear on the market, the company says, not in the distant 1990s, but in three or four years. Auto industry sources report that prototypes have scored well above 90 mpg on the Environmental Protection Agency's mileage test. The

car has a three-cylinder, supercharged diesel engine with an energy-storing device that shuts off the engine when it is decelerating or stopped, then automatically restarts it. There is also a new type of transmission that increases engine efficiency by delivering more of its power to the car's wheels.

What would owning a 75-mpg car be like? Well, if you drove your car about 150 miles a week, it would mean a visit to the gas station to fill your 10-gallon tank about once every five weeks. Whether or not the VW car eventually does all that the company claims for it, the announcement of the prototype test results are proof that really high-mileage cars are no longer the stuff of sci-fi dreams.

The key question is whether the American auto industry, still an essential component of a healthy national economy, has made the correct bet in planning to introduce 40 to 50-mpg cars in the same period. Has the industry accurately predicted consumer demand or has it underestimated — as it did in the 1970s — Americans' desire for high fuel efficiency? Having spent tens of billions on retooling in order to build cars in the 20 to 40-mpg range, will Detroit be leaptroaged again by another generation of foreign technology?

THE WASHINGTON POST.

International Opinion

As Over the Concorde

President Mitterrand is reported as saying, out of the blue, that France will seek to wind up operations of the jointly produced supersonic airliner because, for all of its technical brilliance, it is proving too much of a commercial flop for his hard-pressed exchequer to sustain. [But] British Airways, which is even more hard-pressed financially than the French Ministry of Finance, stolidly suggests that it might "go it alone with" Concorde.

Few paradoxes in recent years have been stranger.... In France, a Socialist president electorally committed to and already en-

gaged in an expensive program of reflation by government spending, nonetheless raises his ax over Concorde's drooping beak because he considers the wonder bird altogether too costly to keep in flight.

— From the Sunday Telegraph (London).

Target of 'Invasion'

South Africa's "invasion" of Angola was, in reality, just another engagement in a continuing war. The target was not Angola, with its Cuban soldiers and East German advisers, but the Marxist-led SWAPO guerrillas who are based there.

— From the Daily Mail (London).

In the International Edition

Seventy-Five Years Ago

August 31, 1906

RIO DE JANEIRO — Senhor Francisco Bernardino, an influential deputy, has introduced a bill providing that countries taking four million bags of Brazilian coffee shall get a 20 percent reduction from the present tariff on imports and those taking three million bags of Brazilian sugar would get a reduction of 10 percent. The bill would affect France and Italy, and give the United States a 30 percent advantage. The proposition is the direct result of the visit of Secretary of State Elihu Root during his recent South American tour, and bids fair to start a great commercial struggle. A leading economist declares the plan is impracticable, but it is likely to become law.

Fifty Years Ago

August 31, 1931

BOMBAY — After his 11th-hour decision to boycott the round-table conference on India, Mahatma Gandhi decided Thursday to sail for London. Camera fans besieged him today during his first day at sea aboard the liner Rajputana. He was jubilant and chatted with the passengers, played with the children and behaved like a schoolboy on an excursion. He was in good health, though his fellow passengers, the Pundit Malabhi and Mrs. Sarojini Naidu, delegates of the Indian National Congress, and the Nawab of Bhopal, were seasick. Gandhi, who brought on board 10 gallons of specially pasteurized goat's milk, has not missed a meal yet. He sleeps on the bare deck and rises at 4 a.m.



Aid to the Poorest of the Poor

By Jonathan Power

LONDON — The Organization of Economic Cooperation and Development estimates the loss of potential wealth in the Western world from oil price increases and associated fiscal policy changes since January, 1979, as \$550 billion.

This is a mind-boggling sum that is incomprehensible to ordinary mortals. When we look at the very poorest of the developing countries — the bottom 30 — the increase in their poverty is difficult to comprehend for a dramatically opposed reason. In this case, the figure to look at for the same period is the decline in their annual income of only \$3 per head. For us this is not even noticeable. For them it is the margin between life and an early death.

Rough Figures

The policy planning division of the World Bank estimates that between 1980 and 1990 the number of people living in absolute poverty in sub-Saharan Africa may increase from 110 million to 150 million and that then "four out of every five Africans will be living below the absolute poverty line."

Of course, down at the margins of life, figures like this are very rough and ready, but undoubtedly the trend they reveal is correct. What does it take to make outsiders sit up and notice an appalling famine — though these usually only register on our television screens after most of the dying has been done, as Cambodia illustrated?

For once, we should look at the rough statistics and draw conclusions ahead of the catastrophe. A few more of the critical figures: Average per capita food production fell in 60 countries in the last decade. Average incomes fell in 30 countries — 23 of them in Africa. During the 1970s, for the poorest 30 countries, the growth of the purchasing power of their exports each year was downward.

All this is supposed to be considered this week in Paris at the United Nations Conference on the Least Developed Countries. The conference, however, will only succeed if it makes one important point. To help these poorest of the poor does not require big changes at the rich end.

Mighty Members

The conference is not addressing the whole of the Third World, with its mighty members, India, China, Brazil and Indonesia, whose plight can only be satisfactorily answered by a radical change in the world banking system. The conference is focusing attention on the rather small countries like Bhutan, Benin, Botswana and Burundi, which could be helped from the rich world's back pocket.

Exactly how? First, by more rich countries giving them priority. Seven Western countries (the Scandi-

navians plus the Netherlands, Canada and Italy) give more than 25 percent of their aid to the least developed countries. But some of the big donors like France and the United States give only 10 percent. The OPEC countries give only 17 percent and the Socialist countries 16 percent.

A small shift in the percentages could make an enormous difference at the receiving end. The aid not only should be given, it should be untied from the apron strings of its donors. Let the recipients spend it in the cheapest marketplace, including their own — not in the donors' market, as is frequently a prerequisite for aid — and they will stretch its value by nearly a third. The aid, too, should be available not just to buy the tractors and trucks, but to keep them operational.

In Tanzania, 90 percent of the tobacco industry's trucks are off the road, 30 percent of the cotton vehicles and 40 percent of the sisal vehicles.

Clean Debt Slat

The debt sheet should be wiped clean. A move on these lines by some donor countries was made in 1978. It needs to be repeated on a more extensive scale. This will not affect their ability to raise future credit, for these very poor countries rarely approach the commercial banks.

Aid-giving procedures need to be drastically simplified. There is a

Mr. Power is editorial adviser to the Independent Commission on Disarmament and Security Issues. ©1981, International Herald Tribune.

Visitors' Lagos: Can It Really Be That Bad?

By Bowden Quinn

LAGOS — This West African capital may be the most maldign city in the world.

Power blackouts, traffic jams, armed robberies and murders occur in all West African cities. Why does Lagos have a reputation for being worse than all the others? Is the reason just that it is bigger, so problems happen more often and are harder to handle? Or is the reason more spiteful than that?

Nigeria, with \$25 billion in oil revenue last year and a population estimated at 90 million, is the only black African nation that can aspire to be a world power in this century. Many outsiders, Westerners and Africans alike, may not like that prospect. Certainly, they seem eager to believe the worst about this country and to pass it on.

For 18 months, as I traveled this West African coast, people kept telling me how awful Lagos was. After six weeks here, I beg to differ. A globe-trotting salesman I met in Freetown, Sierra Leone, said Lagos was the only stop he dreaded. The corruption annoyed him most. Hotel reservations mean nothing here. Desk clerks must be

bribed to find an empty room, and sometimes bribed again to let you back in.

Despite the high cost of the rooms, which start at about \$80 a night, demand payment for the full stay, demand upon arrival, amenities may be lacking. A Canadian journalist told me he spent a week without water in one of the best hotels. Electricity and food service are also intermittent.

Troubles begin at the airport. A U.S. government employee told me he had to give \$2 to an immigration officer to get his passport back. Inspectors are said to borrow expensive pens to complete passengers' forms, then refuse to return them. Luggage disappears. If you get your bags, customs agents may see something they like in them.

On the way to the hotel, you get your first long look at the famous Lagos traffic jams that make almost any 10-mile trip a 90-minute journey. Don't try to beat the traffic. I was told it was safer to stay in the airport than risk robbery or worse by coming into the city at night. Articles in international newspapers and magazines have described, in grisly detail, the rampant crime here and the mobs that stone or burn to death any thief caught in the street.

A U.S. Embassy worker in the Ivory Coast told me he liked Lagos because, with such goings-on, he never got bored. He is twice my

size, though, and his parting words to me were to the effect that he didn't want to fight me but that I should stay alert. He didn't succeed; I was no less frightened.

So why is it I have yet to see a murder, a robbery or a lynching? How come I breezed through the guards and with all my luggage? I left my valued possessions in Abidjan, Ivory Coast, in anticipation of greedy customs agents. Why didn't anybody tell me about the exit marked "nothing to declare" that got me out of customs without opening a bag? Anybody want to know the name of a comfortable guest house half an hour from the city center (traffic jams included) with 548 rooms, payable by the night, running water, decent food and frequent electricity?

No one has tried to rob me yet in Lagos. On the sidewalks of Dakar, Senegal, they tried several times. In the course of few short stays, in Freetown, I saw many of the snatch-and-run variety. Thieves hit companions of mine twice.

The traffic is horrendous in Lagos. What can you expect from a city of 3 million people with hardly any working traffic lights? The drivers all seem crazy, but I feel safer in a taxi here than in Abidjan, where I saw many more accidents, most involving at least one cab.

The criticism of Lagos that has found to be the most insupportable is that the people are rude, arrogant and greedy. I have found them to be at least as polite, friendly and generous as the West Africans.

What It Lacks

Lagos isn't the most pleasant city in West Africa. It lacks Dakar's colonial charm, Freetown's scenic beauty, Abidjan's dazzling splendor. In some ways, though, I prefer it to those cities. People say that Africa has time to develop, that these young nations suffering from pains. Much of the pain comes from trying to develop too quickly, but how to slow it? Africa does have hundreds of years to bring people out of the Dark Ages. Western Europe did. It will never be left alone to develop its wealth. North America was. Africans must compete on a planet of shrinking resources and ever more dubious tomorrow. Who can blame them if they want as much as they can get today, and devil take the hindmost?

Bowden Quinn, a former reporter for The Manchester (Conn.) Journal-Inquirer, is an Overseas Correspondent and a member of the Current World Affairs. He wrote this article for The New York Times. ©1981, The New York Times.

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For French Rightists, Loss of Power Brings Disoriented Response

By Richard Eder

PARIS — Bernard Stasi, leader of a small liberal group in the coalition that supported former President Valéry Giscard d'Estaing, recently compared the French political scene to a soccer match just after the half-time switch of goals. "For a little while," he wrote, "the players are disoriented, retaining a tendency to kick the ball the wrong way."

NEWS ANALYSIS

He noted a number of paradoxes. For example, he contended, it makes no sense for the Socialist government to be pushing decentralization and for the opposition

all summer, first in Greece, then at a friend's ranch in Canada. Mr. Giscard d'Estaing, bitter at his defeat, had been on the point of launching himself back into things at several points this summer. According to associates, when Mr. Mitterrand appointed four Communist ministers, his predecessor wanted to fly back from Greece and warn France of its "peril." His advisers convinced him that a relaxed and distant image would do better in the long run.

There has been some political sniping at the Mitterrand government, but generally it has been entrusted to second-rank opposition figures and it has been fairly refunctionary. When the president said recently that all of the country's economic troubles should be blamed on the previous president, it provoked the previous finance minister, René Monory, to retort that he had left things in good shape and that the new government had spoiled them.

At the special parliamentary session in July, the opposition presented a by-election fight over the first stages of the decentralization law. The effort collapsed when the Socialists threatened to keep Parliament going into August, a threat that may have had something to do with Mr. Toubon's assertion that Socialism was not genuinely French.

Part of the opposition's difficulty can be attributed to the fact that it is summer. What can be laid to the fact that whatever the ultimate results of the government's internal measures to create the semi-autonomous, decentralized authority, nationalize more companies and implant its own people and style in the running of the country, none of these things has bitten very deeply yet.

Another explanation lies in the conservatives' psychology. They are used to holding power, defeat was a theoretical possibility but not a way of life, as it was for the Socialists, for whom, in fact, victory has had its share of shocks. For the right, defeat has aggravated splits.

The old majority was never notably unified. Mr. Chirac's decision to stand as a presidential candidate was an important element in Mr. Mitterrand's victory and created profound bitterness in the Giscard camp. It raises serious questions about Mr. Chirac's prospects of becoming the leader of a unified opposition, as he clearly hopes to do. It even raises some question as to his ability to hold the neo-Gaullists together.

The prospects for the Giscard coalition are similarly uncertain. The Union for Democracy is a disparate collection of movements, ranging from center-left groups such as Mr. Stasi's to the conservatives of the former president's own party. Although some politicians are calling for the fusion of the coalition into a unified party, there is not much enthusiasm for the idea.

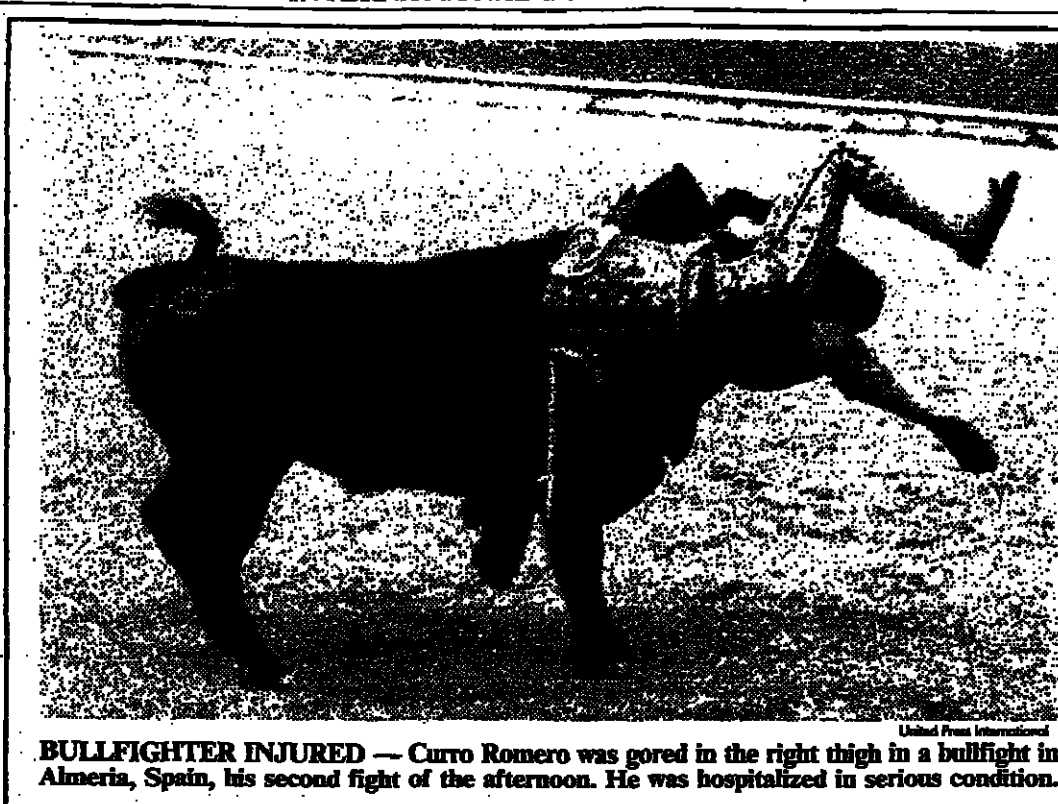
to be opposing it. "It is when you are in opposition that you should welcome the changes offered by decentralization," he wrote. Because the right still thinks of itself as in power, he continued, it defends the institutions of power even when they are in the hands of its antagonist.

The confusion is largely one-sided. The Socialists, who have conducted a clean sweep of key bodies such as the state television system and who are moving ahead with their economic program, seem reasonably adjusted to power. But then it is easier to become accustomed to riding in a limousine than to taking the bus.

The French right has not even found the bus stop. To many of its leaders, the end of their 23-year sway has felt more like going into exile than simply losing power. For them, France has not merely changed political parties; it has all but been occupied. Jacques Toubon, an energetic young lieutenant of the neo-Gaullist leader, Jacques Chirac, said on television recently that not only was it un-French for the left to hold power, it was against the spirit of the French Revolution.

If the right seemed a little disoriented, it should be noted that Mr. Toubon is Mr. Chirac's choice to revitalize his party, the Rally for the Republic. Even senior figures in what is still called the "old majority" — the Socialists are still called, by some, the "old opposition" — seem disoriented. All summer, while President Francois Mitterrand and Premier Pierre Mauroy were seen everywhere, hard at work, and no Cabinet minister would admit to taking more than a week's vacation, the entire leadership of the two main opposition groups — Mr. Chirac's Rally for the Republic and Mr. Giscard d'Estaing's Union for Democracy — virtually disappeared.

On Vacation
Mr. Chirac made his reappearance only last week, giving a quiet speech at the Arc de Triomphe commemorating the 37th anniversary of the liberation of Paris. Mr. Giscard d'Estaing has been away



BULLFIGHTER INJURED — Curro Romero was gored in the right thigh in a bullfight in Almeria, Spain, his second fight of the afternoon. He was hospitalized in serious condition.

FAA Gets More Than 100,000 Applicants To Fill Jobs of Striking Air Controllers

By Marlene Cimons

WASHINGTON — More than 100,000 persons have applied for positions as air traffic controllers, officials at the government's Office of Personnel Management said.

About a month after 12,000 members of the Professional Air Traffic Controllers Organization began an illegal strike and were subsequently fired by the Reagan administration, officials at the Federal Aviation Administration said they were delighted with the number of applicants seeking the jobs.

"We're very, very pleased," Dennis Feldman, an FAA spokesman, said. "We've got some top-caliber candidates from such a large group. Obviously, people do not believe what PATCO has been saying — that it's a bad job. There are eight guys waiting in line for every striker who's out picketing."

Despite the many applications, federal officials estimate that it will take 21 months to rebuild the air traffic control system. Patrick Kortzen, a spokesman for the Office of Personnel Management, said 109,914 applications had been received by Thursday, with an additional 5,000 expected Friday, the deadline for applications to replace strikers.

Prepared for 200,000
"We fully expected it," Mr. Kortzen said of the large response. "We were prepared to handle as many as 200,000."

Testing of applicants is to begin Oct. 15 and continue through the end of November. "Around the first of the year we will give the FAA a list of certified eligibles, and they can put them in the academy any time after that," he said. He said there was no way to determine the quality of the applicants because the first step in the process requires them to provide only their names and addresses. They will be asked to complete more detailed forms before testing begins.

All applicants will be given aptitude and physical examinations. Those with the highest scores will be the first called to attend the FAA academy in Oklahoma City, Mr. Feldman said.

Different Test
The newest batch of applicants will be given a different examination from that taken by the 12,000 strikers. The government has rewritten the old test to make it more predictive of those who will succeed on the job. Fred Farrar, an FAA spokesman, said plans to rewrite the test

have been in the works for nearly 20 years, but the government did not speed up the process because it had a full complement of controllers. The new test, he said, is designed to lower the 30-percent academy dropout rate.

The FAA academy — down to 42 students in July before the strike — took in 144 students Aug. 11 and will add a second shift, a class of 144, this week. By Oct. 1, a third shift — with an additional 144 students — will begin.

"With a triple shift, the academy can turn out 5,500 a year," Mr. Feldman said. "Under normal conditions, it turns out about 1,600 or 1,700."

New Talks Predicted
Meanwhile, Lane Kirkland, the AFL-CIO president, predicted that President Reagan would reverse his position and resume talks with fired air traffic controllers. "The administration, I think, will change its position when it begins to realize that it is going down a dead-end street, that it is going to lead to consequences that are a punishment of the public at large," the president of the 15-million-member labor federation said.

In another development, Golden Gate Airlines, one of the nation's largest and fastest-growing commuter carriers, became the first airline casualty of the controllers

U.S. Reaffirms Political Asylum For Soviet Boy
WASHINGTON — The U.S. government has signaled that it would not allow a 13-year-old Ukrainian boy living in Chicago to be taken back to the Soviet Union against his will if his parents regained custody of him in a court battle.

The Justice Department said Friday that it would stand by the U.S. government's earlier decision to grant political asylum to Walter Polovchak, whose parents returned to the Soviet Union from the United States on Aug. 13.

His parents have appealed an Illinois court decision that placed him in the custody of the state after he ran away from their Chicago home in July, 1980, rather than return to the Soviet Union. Walter went with his parents from the Ukraine in January, 1980. Since returning to the Soviet Union, they have said he is being forcibly held in the United States and they want him returned.

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Hassan's Offer of Vote in Sahara Seems to Bring Cooling-Off Period

By John K. Cooley

Washington Post Service
EL AJIUN, Western Sahara — "Amputee Morocco's Sahara," said Salek Zemrag, governor of this fast-growing frontier town, "and you cut off an arm. There's no life after amputation."

Gov. Zemrag and his Moroccan administration in El Ajiun, the capital of Saharan territory that Morocco acquired from Spain in 1975, profess no doubts that the referendum that King Hassan II of Morocco proposed in the territory would be overwhelmingly favorable to Morocco. They see the alternative — a separate Saharan state ruled by the guerrilla Polisario Front, which the Moroccan Army has been fighting since 1975 — as "amputation."

King Hassan's surprise offer, at an African summit conference in Nairobi in June, of a "controlled referendum" on the territory's future, has cooled one of Africa's most vituperative disputes, at least for the present. It has also helped the king restore an enfeebled position of leadership among moderate Africans and among Arab states that share Morocco's friendship and alliance with Saudi Arabia, which supports Morocco but is also working for a solution.

Here in the Western Sahara's capital, where Morocco is investing hundreds of millions of dollars each year in the territory's rapid development, there is skepticism about the need for a referendum. Morocco insists that only the 74,497 inhabitants recorded in a Spanish census of 1974 should vote.

Polisario's Demands
The Polisario Front, whose self-declared Saharan Arab Democratic Republic operates a government-in-exile from its main base near Tindouf, Algeria, and another

base called Hawza, inside the Western Sahara, is opposed to Morocco's conditions. It has demanded that refugees who fled the territory after the Moroccan Army entered in 1975 and 1976 — numbering anywhere between 300,000 and 1 million — be allowed to vote. Polisario also demands total withdrawal of the approximately 50,000 Moroccan military and 5,000 or more civilians from northern Morocco before any vote is taken.

For Gov. Zemrag and the Moroccan royal administration here, any abandonment of the Western Sahara to the Polisario would deprive Morocco of already developed phosphate resources, of still unpolluted Atlantic fishing grounds and of the possibility of finding offshore oil deposits in an otherwise nearly totally oil-poor country.

Completion last April of a 450-mile long, sandwich-like wall of sand and stone, with barbed wire, minefields, and electronic sensing devices to keep out Polisario's raiding motorized columns, has greatly enhanced the sense of security here and in the territory's other main towns.

Curfews, the planting of mines on roads, and night mortar or rocket attacks by Polisario infiltrators have ceased here since the spring.

A Reminder of War
El Ajiun's well-lit streets and shops, amply stocked with subsidized, tax-free goods, and its scores of new houses, mosques and schools already built or under construction show that the central Moroccan authorities in Rabat are sparing no expense to attract needed skilled workers and civil servants.

One of the few remaining signs of the war here are obligatory lights-out landings and takeoffs by

Royal Air Maroc airliners at El Ajiun's air base and new international airport. Polisario's missiles have brought down about 30 Moroccan Royal Air Force Northrop F-5s, French-made Mirage and other planes since fighting began in 1976.

Whether the road taken by King Hassan at Nairobi now leads back to renewal of the war or toward a real peace, may depend largely on the Libyan leader, Col. Muammar Qadhafi, Moroccan officials believe. There is a strong sense here that the Polisario's Algerian supporters have had enough of the war and the bitter divisions it has caused in Africa, and are seeking an honorable way out.

Rapprochement Yields Results
Col. Qadhafi's rapprochement with King Hassan, one of a series between usually hostile Arab leaders following Israeli air attacks on Iraq and Lebanon in June and July, has already yielded some results.

Propaganda attacks by Morocco and Libya against each other have ceased. Ambassadors are being exchanged, a development worrying to Algeria. Morocco hopes that the generous flow of Libyan cash and arms to Polisario will now dry up.

Although Libya is 700 miles away, it looms large in Moroccan projections. "Qadhafi is like an impatient child playing backgammon," said Basim Abdein Moumen, president of El Ajiun's municipal council. "He throws the dice and then he wants to take everything, whether he has really won or not. Maybe now he feels it is in his interest not to play the Sahara game for a while."

John K. Cooley, a senior associate at the Carnegie Endowment for International Peace, is a staff reporter on leave from the Christian Science Monitor.

Russia Offers Conditional Afghan Pullout

Reuters

MOSCOW — The Soviet Union said Sunday that it would withdraw its troops from Afghanistan if the country's southern neighbors, Iran and Pakistan, accepted new settlement proposals put forward by Kabul.

The Communist Party daily Pravda said the proposals, announced last week, could lead to a political solution of the Afghan crisis if Iran and Pakistan accepted Afghanistan's demands that they end "armed interference in Afghan affairs" — a reference to anti-government guerrillas based largely in Pakistan.

"Then the reasons which compelled it [Afghanistan] to request the introduction of a limited Soviet military contingent would

have disappeared," Pravda said. "And the crisis that has been brought about ... through imperialism would have been eliminated."

After previously insisting on separate talks with Iran and Pakistan, Afghanistan now says it is ready to hold trilateral talks on conditions for a Soviet troop withdrawal.

Neither Iran nor Pakistan have expressed interest in the new package. Both countries refuse to recognize the Soviet-backed Afghan government and thus reject direct talks with Kabul.

Diplomats said that Nikolai Firubin, the Soviet deputy foreign minister, apparently failed to soften Pakistan's stand on this ques-

tion when he visited Islamabad last week.

Demands that Iran and Pakistan stop assisting the guerrillas were included in Afghanistan's proposals last year. Tehran and Islamabad dismissed that package and Iran has demanded that the guerrillas participate in any settlement talks.

Pravda said Moscow was waiting to see how the two countries reacted to the latest proposals.

Western diplomats in Moscow said they thought it unlikely that either Iran or Pakistan would respond to the proposals. They said the Pravda article appeared aimed at convincing the Soviet public that Moscow and Kabul were making serious efforts to end the Afghan crisis and withdraw Soviet troops.

U.S., in Shift, Accepts Plan On Chicago Desegregation

By Richard Eder

CHICAGO — The Justice Department has reversed itself and said that it was satisfied with Chicago's proposals to desegregate its schools.

On July 21, the department had criticized the school board proposals for desegregating the nation's second largest school system, saying they were incomplete.

The department said the city's plan placed an unfair burden on black students, that it would leave many schools as much as 70-percent white when white students make up only 18 percent of total enrollment, and would leave about 250 schools all-black or all-Hispanic American.

But in a joint statement submitted Friday to the U.S. District Court, which is overseeing desegregation efforts here, the Justice Department did an about-face. It suggested that its criticisms had been ill-advised and were the result of misunderstandings between the government and Chicago school officials.

Retrenchment Denied
The government's action Friday was its second in a major case involving desegregation in two days. Thursday, the Justice Department decided to abandon its efforts to force cross-district school desegregation between Houston and 22 of its suburbs.

Department spokesman John V. Wilson said, however, that the Justice Department did not view the approach of the Chicago Board of Education to structuring a desegregation plan.

The Chicago plan, which faces a court decision in December, seeks to achieve voluntary school desegregation through a variety of strategies including so-called permissive transfers, which would be permitted if they enhanced desegregation; open enrollment; boundary changes; magnet schools, which have curricula to attract volunteer transfer pupils; and a series of curriculum enrichment programs, some of which would be targeted at schools that would remain racially isolated.

Civil rights advocates have cited as other examples of apparent retrenchment the relaxation of anti-discrimination rules in construction, and settlements in several desegregation cases involving black colleges that, critics of the administration charge, in effect maintain segregated systems.

13 Indicted in U.S. As Alien Smugglers
CHICAGO — Thirteen persons have been indicted for alleged conspiracy to smuggle about 1,000 illegal aliens from Tijuana, Mexico, through Los Angeles to Chicago during a five-year period.

Brian Perryman, an investigator for the Immigration and Naturalization Service, said Saturday that the ring, allegedly headed by Agustín Castillo and his wife, Carmen, of Los Angeles, had taken in more than \$2 million. Bond for the Castillos was set at \$1 million.

U.S. Jet Crashes in Korea

SEOUL — A U.S. Navy A-7E fighter plane crashed Saturday at Oyster Air Base near Seoul, killing one crewman, a spokesman said.

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Liberia's Moves Against Critics Create Climate of Fear

By Leon Dash
Washington Post Service

MONROVIA, Liberia — A climate of fear has taken hold in this West African capital following the most recent executions of purported coup plotters and the accumulation of unchallenged power by Liberia's military head of state, Samuel K. Doe.

As with other African military governments that take power promising the restoration of universal political freedoms, Liberia's pro-American government has become an authoritarian regime that reacts with mounting draconian harshness to the mildest criticism or suspicion of dissent.

Even the rudimentary trials that characterized the early weeks of Commander in Chief Doe's 16-month-old government have been dropped in favor of hasty, secret trials before a special military tribunal. A student activist was recently put under a "banning" order similar to those used in South Africa, and the country's only independent daily newspaper, *The Observer*, was shut for 10 days when the publisher, his wife and nine of his staff were jailed for printing letters critical of the banning.

Those leading Liberians who are willing to discuss the country's human rights decline complain that the United States does not use the leverage it has with Mr. Doe's government to press for the respect of basic freedoms or to pressure the government toward returning power to the civilians. U.S. diplomats acknowledged that they are aware of these perceptions, but they added that they have less sway with the government here than their Liberian critics believe.

Since overthrowing the government headed by William R. Tolbert in April, 1980, Mr. Doe's government has revealed three alleged counter-coup plots, revelations that have raised fears about the future reliability of Liberia's 5,000-member army.

Significantly, the second counter-coup plot followed the appointment on April 12 of a committee to draft a constitution — the first anniversary of Mr. Doe's coup. Although no timetable has been set, the appointment of the commission was seen as the only hopeful sign of an eventual return to civilian government, a development the plotters were apparently hoping to thwart.

Mr. Doe, who was a master sergeant at the time of the coup, has said several times that he and the ruling People's Redemption Council intend to return to the barracks "as soon as possible." But harsh measures taken by his government recently have led a large number of potential political leaders to despair that free elections will not be held anytime soon.

Of the Liberians interviewed, most of those who were critical of Mr. Doe's government declined to be identified out of fear of retributive government measures — a new development in Liberia.

A prominent intellectual nervously insisted that he talk with a reporter in the seclusion of a hotel room. A high-level bureaucrat arranged for a daytime meeting at his home — away from his office. A previously unspoken government official declined the offer of a lunch date conversation as being "too open."

The Redemption Council, with Mr. Doe as chairman, included all 17 of the original band of non-commissioned army officers and privates who overthrew Mr. Tolbert, as well as 10 other soldiers so all of Liberia's 16 tribes would be represented on the body. The council and Mr. Doe promised "dignity, equal opportunity, fair treatment and freedom of speech" to all Liberians, in contrast to the deposed government, which had been dominated by descendants of the 19th-century black Americans who founded the country.

Last year nine army officers accused of plotting to overthrow Mr. Doe were jailed on varying sentences. The second alleged plot, revealed in May, involved 13 soldiers who were tried and then secretly executed in early June. Three civilians were also arrested in connection with the May plot, beaten, found innocent and then released.

[Togba-Nah Tipoteh, who has resigned as Liberia's planning and economic minister, was branded by the government Friday as a defector and a deserter. Reuters reported that Mr. Tipoteh, who was the most prominent civilian in the government, has been in the Ivory Coast capital of Abidjan for several weeks, Reuters reported.]

[The *Monrovia* newspaper, *The Daily Observer*, which disclosed his resignation Thursday, said Mr. Doe was shocked by the development and had sent a delegation to Abidjan to persuade Mr. Tipoteh to reconsider. A government statement issued Friday said Mr. Tipoteh's action was a "betrayal of the confidence of the Liberian people" and that his name was linked with a recent attempted coup. It described his action as a "desertion from the army and charged him with being absent without leave."

[The *Daily Observer*, the country's only independent daily newspaper, said Mr. Tipoteh had resigned because he was "being increasingly discredited and maligned by what he called enemies of the Liberian revolution." Reuters reported.]

Student activist Commaney Wessah was banned in mid-June after a public disagreement with Mr. Doe. The banning led to a tense confrontation between university students and the government that culminated with the imprisonment of Mr. Wessah and the staff of *The Daily Observer*.

Before being jailed, Mr. Wessah was banned from leaving the country, speaking to the press, interacting with any citizen, making public statements, dropped from membership on the constitutional commission and fired from his job with Liberia's electricity corporation.

Mr. Wessah's "anti-revolutionary" sins, as outlined by Mr. Doe, were suggesting that Redemption Council members not drive around in big cars, not pay themselves large salaries and that they give the Liberian public a specific date for a return to civilian rule. Mr. Wessah had also charged, according to Mr. Doe, that government officials were "accumulating wealth that should not be accumulated" and had disrupted a meeting that Mr. Doe was chairing with Liberians from northeastern Grand Gedeh County, both men's home area.

According to Liberian sources, Mr. Wessah was roundly applauded at the meeting for offering a development proposal that was preferred over one presented by Mr. Doe.

On his return from the Organization of African Unity summit in Kenya in July, Mr. Doe defused the growing confrontation between his government and university students by lifting his banning order and releasing Mr. Wessah and *The Daily Observer* staff from jail. At the same time, however, Mr. Doe warned the students that any future confrontations would lead to "severe consequences."

The Redemption Council "is not open to dissent" because they equate criticism with domestic turmoil that preceded their overthrow of Mr. Tolbert's government, said Patrick Seyon, vice president of the University of Liberia. "They see

criticism as opening up their downfall," he added.

Mr. Seyon, who was originally charged with two other civilians with plotting a counter-coup with the 13 soldiers executed in June, suffered a damaged kidney as a result of a three-day beating by soldiers but was released with the two others "for lack of evidence." A member of the constitutional commission, Mr. Seyon, like Mr. Wessah, was a vocal critic of the Tolbert government.

Mr. Seyon said commission members believe they can come up with a draft constitution by next April. He was asked if he felt the military government would honor its pledge to give control to civilians once a constitution is accepted. Mr. Seyon replied, "I have been accused of being a perennial optimist, but I think they will fulfill their end once we've fulfilled ours."

The constitutional commission members are very worried, however, about whether the public will come forward to testify at public hearings after "the chilling effect of my arrest, Wessah's arrest and the arrest of the *Observer* staff," Mr. Seyon said. "There is still an uncertain climate here."

Council May Be Disbanded

MONROVIA (Reuters) — The Liberian government has warned that the commission set up to draft a constitution, the Liberian news agency said. The agency reported that the Redemption Council on Friday issued a decree stating that the it "may disband this commission when it fails to perform its duties within the scope of the decree."

While Ratnapura's main street was still smoldering on Aug. 14, rumors reached the nearby plantation town of Kahawatta that trouble was on the way.

Official sources and independent social workers gave this version of what happened:

At about 11:30 a.m. more than 10 trucks and about 10 buses carrying gang members arrived at Kahawatta. A mob of more than 1,000 then systematically attacked about 40 Tamil shops and set them on fire. The Tamils took refuge in the mission house of nearby St. Anne's church.

At 4:30 p.m., a policeman who had been watching the shops burning shouted "Come, we will kill the Tamils," and led part of the mob toward the church, despite protests from some senior Sinhalese community members.

The priest at St. Anne's pleaded with the crowd not to harm 30 children inside. They agreed. But gasoline bombs were thrown into a storage room where many people were hiding. Several persons were killed at Kahawatta either from burns or beatings, officials said.

Mr. Jayewardene said he knew of the incident. "I don't know how human beings can behave like that," he said.

New Effort

Mr. Jayewardene said his government has begun a new effort to root out what he called terrorism by well-armed Tamil guerrillas in the north. He wants the support of the opposing party, but Tamil opposition leader Murguesu Sivathampara said, "The government cannot expect us to become informers."

The party leader said that although the government had agreed to Tamil becoming an official language and to equal job opportunities for the Tamils in the north and the 1 million Tamils of Indian origin in the south, these concessions were being implemented as quickly as possible.

Watching political developments from the sidelines is former Prime Minister Sirimavo Bandaranaike of the Sri Lanka Freedom Party, who has expressed support for the Tamil party in the past.

Mrs. Bandaranaike, 65, was disenfranchised in October for seven years after a presidential commission found her guilty of misuse of power during her second term as prime minister, from 1970 to 1977. Her party has been recently split.

Mr. Jayewardene, 74, a former lawyer, has been in power since presidential government was instituted in 1977. General elections for Parliament are due in 1983 and presidential elections in 1984.



Lowell Thomas, with a bust of himself, in a 1979 photo taken in the studio on his estate.

Lowell Thomas Is Dead of a Heart Attack; U.S. Radio Broadcaster, Traveler Was 89

NEW YORK — Lowell Thomas, 89, the radio and television broadcaster, author and world traveler, died of a heart attack Saturday at his estate in Pawling, N.Y.

For almost 46 years, Mr. Thomas' calm and reassuring voice came over the radio every weeknight with the same salute: "Good evening, everybody." What followed was a nicely articulated, folksy, often bland digest of the day's news events, ending with, "So long until tomorrow."

In 1976, the nightly program that made Mr. Thomas the longest continually operating newscaster in radio was discontinued, but he continued broadcasting and writing until his death.

Mr. Thomas, whose life was full of superlatives and hyperbole, remarked in an autobiographical

OBITUARIES

His first big literary success was "With Lawrence of Arabia," which was followed by "Beyond Khyber Pass," about Afghanistan. These made him a millionaire, which he remained. Also among the more than 50 books he wrote in his lifetime were "Count Luckner, the Sea Devil," "Raiders of the Deep," "The Hero of Vincennes" and "India: Land of the Black Pagoda."

Much of his writing was done in collaboration with Prosper Nunnally, once a feature writer for the old *New York World* newspaper.

Mr. Thomas' radio career started in 1930, when he was hired by CBS as the newscaster on the network's nightly news. He did not let his broadcasts interfere with his travels: He was the first to broadcast from an airplane, a helicopter, a ship. He broadcast from London, Paris, Rome, Cairo, the Philippines, India, Iwo Jima, Chongqing. He once said it had cost \$1 million of his own money for such remote bookends.

Shortly after his nightly radio news program, which had been broadcast variously by CBS and NBC, was taken off the air by CBS on May 14, 1976, Mr. Thomas began a 39-week television series for the Public Broadcasting System called "Lowell Thomas Remembers." The series included profiles of outstanding figures in history.

Also in 1976, William Morrow & Co. published the first volume of Mr. Thomas' autobiography, "Good Evening, Everybody." The second volume, "So Long Until Tomorrow," was published the next year.

Xiao Xianfa

PEKING (Reuters) — Xiao Xianfa, 67, the Chinese Communist Party's director of religious affairs, died of an undisclosed illness on Aug. 18, the Chinese news agency reported Saturday. Mr. Xiao had presided over the gradual revival of religious freedom after the death of Mao in 1976.

Kenneth R. Hansen

LOS ALTOS HILLS, Calif. (AP) — Kenneth R. Hansen, 58, an international economist who served in the Kennedy and Johnson administrations and was the chief of economic intelligence in Austria after World War II, died Thursday of leukemia.

Robert Brancher

BOSTON (UPI) — Robert Brancher, 65, a Massachusetts Supreme Court Justice and one of the state's leading legal scholars, died Wednesday of heart failure.

James Larkin Pearson

NORTH WILKESBORO, N.C. (UPI) — James Larkin Pearson, 101, the North Carolina poet laureate, died Thursday of pneumonia. He was best known for his poem "Fifty Acres," in which he explained he did not need to travel because life's necessities were on his 50-acre tract at home.

Andrew McMahon

NEW YORK (NYT) — Andrew McMahon, 87, who administered the federally financed project that put artists to work during the Depression, died Aug. 20. Such artists as William de Kooning, Jackson Pollock, Arshile Gorky, Stuart Davis, David Smith and Isamu Noguchi were employed under the Work Progress Administration project, established in 1935.

George H. Griffin

NEW YORK (NYT) — George H. Griffin, 74, retired chairman of the advertising agency Young & Rubicam, died Wednesday while vacationing in Portugal. Mr. Griffin pioneered Young & Rubicam's expansion abroad, surveying the markets in Argentina, Brazil and Japan before offices were opened in those countries.

Joan Edwards

NEW YORK (NYT) — Joan Edwards, 61, a popular singer and star of the 1940s radio show "Your Hit Parade," died Thursday. The blond vocalist became a pop figure when Frank Sinatra joined her on the radio program in 1944.

Bela Guttmann

VIENNA (Reuters) — Bela Guttmann, 82, a Hungarian-born soccer coach who steered the Portuguese club Benfica to victory in the European Cup in 1961 and 1962, died Friday.

Sri Lankan President Promises Full Probe of Attacks Against Tamils

By Granville Watts
Reuters

COLOMBO, Sri Lanka — Rubber and tea estates in Sri Lanka's hilly Ratnapura district are slowly returning to normal after an outbreak of violence earlier this month between the majority Buddhist Sinhalese and minority Hindu Tamil communities.

Thousands of Tamils of Indian origin are in refugee camps, and social workers said that hundreds more were hiding in the jungle in fear of their lives.

President Junius R. Jayewardene said, in an interview, that the attacks on Tamils Aug. 14 in the Ratnapura area southeast of Colombo appeared to have been organized. He said he had ordered a full probe and a quick report on the causes of the violence, in which at least 10 Tamils were killed.

The disturbances were the latest of several violent incidents between Sinhalese and Tamils in recent years. The 1.4 million Tamils of Sri Lankan origin in the northern and northeastern parts of the country are demanding a separate

state, which has angered the 11.4 million Sinhalese in the rest of Sri Lanka.

Extremists known as the Tamil Liberation Tigers have been held responsible for killing 21 Sinhalese policemen in the northern Jaffna district in recent years. Clashes in the Jaffna area in June resulted in a backlash in the south, with members of Mr. Jayewardene's ruling United National Party bringing a censure motion in Parliament against the opposition Tamil United Liberation Front.

Inquiry of Police Demanded

The front, the main opposition party with 16 members, boycotted Parliament to demand an independent judicial inquiry into what it called "police excesses" in Jaffna in June.

In July, posters began appearing on walls in Colombo saying: "Alien Tamils, you have danced too much, your destruction is at hand. This is the country of us Sinhalese." Tamil leaders claim the posters were inspired by radical el-

ements within Mr. Jayewardene's government and party.

The president said this week that the posters had been removed and that action was taken to prevent their publication under a state of emergency he declared Aug. 17.

He said the recent violence began with the killing Aug. 10 of two Tamils at a factory at Embilipitiya in Ratnapura, about 60 miles (96 kilometers) from Colombo. Three days later, Tamil shopowners in the main district town of Ratnapura were warned that their shops would be looted and burned.

Tamil leaders said two police officers on duty in Ratnapura's main street had been removed, the police and army had taken no action and no fire engine had been called while looting and arson went on for 18 hours. They said that, by the time the police stepped in at noon on Aug. 14, about 40 shops in Ratnapura, mostly Tamil-owned, were in ashes.

Mr. Jayewardene said he was aware of the allegations against the police and that they were being investigated.

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Nevada Sees Way To Base Missiles

The Associated Press

SANTA BARBARA, Calif. — Gov. Robert List has told President Reagan's chief aide that Nevada could accept a scaled-down deployment of the MX missile if it were kept on military land.

Gov. List met Friday with presidential counselor Edwin Meese 3d and said later that he had received a "fair hearing." The Republican governor said, "Our concern is that Nevada not be placed on the sacrificial altar for the national defense if it isn't necessary to put us there, and we don't think it is."

The original MX deployment plan conceived by the Carter administration called for shunting 200 missiles among 4,600 shelters in Nevada and Utah so that an enemy could never be sure which shelters held missiles. That plan aroused strong opposition in the two states.

Japan Plans to Create Extensive Sea Patrol

TOKYO — The Japanese Maritime Safety Agency has announced plans to set up an extensive sea surveillance system reaching as far as 1,500 kilometers (1,200 miles) from Japan into the Pacific Ocean. The program would be completed in seven years at a cost of 100 billion yen (\$435 million).

The announcement Saturday coincided with moves by Japan to reinforce its naval forces. The Japanese Defense Agency said in its budget request for the next financial year that it was planning to buy 17 anti-submarine aircraft and build 10 ships, including a submarine rescue and five missile-carrying destroyers.

Emirates Talks on Tie To Russia Said to Fail

The Associated Press

KUWAIT — High-level officials meeting in Abu Dhabi failed to agree on establishing diplomatic relations between the Soviet Union and United Arab Emirates, but the Soviet Union will be allowed to open offices in Abu Dhabi for trade relations and the national airline Aeroflot, the newspaper *Al-Rai* Al-Aam reported.

"It is premature to think about exchanging diplomatic ties now," the paper quoted negotiators for the conservative, oil-rich Gulf emirates as telling Anatoli Filov, head of the Soviet Foreign Ministry's Middle East section. There was no elaboration in the report on Saturday.

Bavaria Hotel Fire Kills 8

MUNICH — Eight persons died when a fire destroyed a northern Bavarian hotel Sunday at Ebermannstadt, in Upper Franconia. The sleeping victims were overcome by smoke.

China Considers Stricter Birth Control Law To Replace Unevenly Applied Measures

PEKING — China is considering a unified law to make birth control legally enforceable, according to an official educational, scientific and cultural newspaper.

The country is trying to prevent its population of one billion from growing to 1.2 billion by the year 2000.

In a signed article proposing the new law, the *Guangming Daily* said Sunday that the present system of persuading couples to have only one child, backed by unevenly implemented fines and material incentives, was inadequate.

'Enormous Problem'

According to the latest projections the government did not expect to achieve no population growth until the year 2040, when the population would be about 1.3 billion, the article said.

Some people would object to a new birth control law, maintaining that family planning should be popularized only by incentives and education, not by coercion, the article acknowledged.

"But since the question of birth control is an enormous problem affecting the basic interests of hundreds of millions of people, there is a need to draw up a birth control law for the whole nation to observe," the article said.

Other measures that should be taken, the article said, include spending more money on welfare services for the aged to dissuade couples from trying for more sons to guarantee care for the parents in their retirement.

Birth control, it said, should also be tightened among China's 50 or so ethnic minorities, which were in theory exempted from the strict family-planning programs. The paper said that minority populations had grown considerably during the last 30 years.

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Algeria, ex-Pr. comm. (int)	\$	230.00	115.00	63.00	Italy (int)	\$	240.00	120.00	69.00	Polynesia, French (int)	\$	240.00	120.00	69.00
Algeria, other (int)	\$	230.00	115.00	63.00	Japan (int)	\$	240.00	120.00	69.00	Portugal (int)	Esc.	2,000.00	1,000.00	630.00
Africa (int)	\$	230.00	115.00	63.00	Kenya (int)	\$	230.00	115.00	63.00	Romania (int)	\$	230.00	115.00	63.00
Amst. Sch.	2,700.00	1,350.00	736.00	Lebanon (int)	\$	230.00	115.00	63.00	Romania (int)	\$	230.00	115.00	63.00	
Argentina	\$	2,400.00	1,200.00	750.00	Libya (int)	\$	240.00	120.00	69.00	South America (int)	\$	240.00	120.00	69.00
Australia (int)	\$	230.00	115.00	63.00	Luxembourg (int)	L.Fr.	5,400.00	2,700.00	1,500.00	Spain (int)	\$	230.00	115.00	63.00
Canada (int)	\$	230.00	115.00	63.00	Madagascar (int)	\$	230.00	115.00	63.00	Spain (int)	Ps.	12,000.00	6,000.00	3,500.00
Ceylon (int)	\$	230.00	115.00	63.00	Malaysia (int)	\$	230.00	115.00	63.00	Switzerland (int)	S.Fr.	310.00	155.00	92.00
Chad (int)	\$	230.00	115.00	63.00	Mexico (int)	\$	230.00	115.00	63.00	Switzerland (int)	S.Fr.	310.00	155.00	92.00
Czechoslovakia (int)	\$	230.00	115.00	63.00	Morocco (int)	\$	230.00	115.00	63.00	Taiwan (int)	\$	230.00	115.00	63.00
Denmark (int)	D.Kr.	990.00	495.00	297.00	Netherlands (int)	Fl.	400.00	200.00	112.00	Turkey (int)	\$	230.00	115.00	63.00
Egypt (int)	\$	240.00	120.00	69.00	Norway (int)	N.Kr.	810.00	405.00	225.00	U.A.R. (int)	\$	230.00	115.00	63.00
El Salvador (int)	\$	230.00	115.00	63.00	Other Euc. Comm. (int)	\$	230.00	115.00	63.00	U.S.A. (int)	\$	230.00	115.00	63.00
Finland (int)	F.M.	810.00	405.00	225.00						U.S.A. (int)	\$	230.00	115.00	63.00
France	F.F.	780.00	390.00	195.00						U.S.A. (int)	\$	230.00	115.00	63.00
Germany	D.M.	360.00	180.00	108.00						U.S.A. (int)	\$	230.00	115.00	63.00
Greece (int)	Dr.	54.00	27.00	15.50						U.S.A. (int)	\$	230.00	115.00	63.00

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Tube Investments Hurt By Deflated Markets

By Elizabeth Bailey
New York Times Service
LONDON — When the TI Raleigh-Creda bicycle team finished a disappointing fourth in the Tour de France race last month, it was not only the cyclists who were disappointed. The team's sponsors, Tube Investments Ltd., would have liked some cause for celebrating — no matter how small — at a time when the company was preparing to announce record losses.

Tube Investments owns TI Raleigh, the bicycle manufacturer, which accounts for the parent company's interest in the Tour de France. Less visibly, Tube Investments also owns companies that manufacture items ranging from primary aluminum to domestic appliances.

Only one of the company's six divisions — domestic appliances — is showing a clear profit. In results announced earlier this month, the conglomerate showed a pretax loss of \$13.9 million. When the \$9.4 million profit on the sale of the company's London headquarters is taken into account, the situation looks even worse. TI Raleigh's president, Ian Phillips, was dismissed two weeks before Tube Investments announced its results.

Is this a temporary flood of imports, or does it represent a permanent change? Sir Brian asks

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Bicycle Sales Off

Tube Investments faces a simple but vexing problem. Most of its activities center on the basic manufacturing industries, which have been hurt most deeply by Britain's current recession.

The company's dismal showing in the Tour de France may have been a blow to corporate pride, but the losses in the bicycle division are much more serious. TI Raleigh, which accounts for about 15 percent of total group sales, lost more than \$7.2 million in the first six months this year.

TI Raleigh, the company contends, is still the largest manufacturer of bicycles and parts in the world. The bicycles, however, have been badly hit by competition from cheap imports in Britain, where the company's market share has collapsed from 65 percent two years ago to under 40 percent recently.

"Is this a temporary flood of im-

ports, or does it represent a permanent change?" Sir Brian Kellert, TI's 59-year-old chairman, asked in an interview.

Outside of Britain, bicycle sales are also doing poorly. Sales in Nigeria and Iran, two important growth areas for the company, have been flat, while exports to the United States have fallen to well under 100,000 a year from a peak in the mid-1970s of 500,000.

Questions about the future of Tube Investments extend beyond the bicycle business.

"There's nothing really in the whole conglomerate that you can put your finger on and get excited about," said Richard Saville of the London brokerage firm Phillips & Drew.

British Aluminium, a 58-percent-owned subsidiary that accounts for almost 30 percent of Tube Investments' sales, lost more than \$4.4 million in the first six months. Low spot prices for aluminum and a general oversupply of the metal are cited as reasons for the poor performance.

In the last two years, Tube Investments has taken several steps to trim costs. The company has cut employment rolls in Britain by nearly a quarter to 40,000, and some 10,000 of those remaining are on three- and four-day weeks.

Dividend Cut

Sir Brian sold Bridgewater House, the elegant mansion that had served as the company's London headquarters, and moved into a spare, anonymous office in the shadow of London's Dorchester Hotel. Bridgewater House went to John Latsis, the Greek shipowner.

Tube Investments also cut its dividend by one-half last spring. "While I have done a great deal to increase efficiency, there hasn't been a clear strategy," said Ewan Fraser, an engineering analyst at James Capel & Co., a London brokerage firm.

The company, however, said it had begun a shift that could make it more profitable. "It is now clear that companies in industrialized countries must move into more sophisticated products and out of the basic industries — which we are trying to do," Sir Brian said.

As an example, he pointed to the company's recent \$46 million acquisition of King Fifth Wheel, a U.S. producer of specialized aircraft components.

"That's a sensible move," Mr. Fraser said, "but the company has been, in general, slow in upgrading its profile."

Foreign Bankers Hoping to Cash In On Portugal's Plan to Open Market

By Paul Lewis
New York Times Service
LISBON — Portugal, the last country in Western Europe still off-limits to foreign bankers, is finally planning to open its frontiers. And there is a long line of bankers from the United States and elsewhere waiting to get in.

Foreign bankers have never been popular in Portugal. The country's two strong-man rulers, Antonio de O. Salazar and Marcello Caetano, distrusted them, although they tolerated limited operations by the Bank of London and South America, Banco do Brasil and Credit Franco-Portugais.

The Marxist officers who overthrew the dictatorship in 1974 left these banks alone, but nationalized the nine Portuguese-owned institutions. And the constitution of 1976, the country's first as a democracy, gave the government an "irreversible" monopoly in banking and insurance.

No Alternative

The center-right coalition government that came to power last winter is determined to change all this and open up Portugal to private banks, both Portuguese and foreign-owned. Earlier this month, the chances of doing so improved considerably when Francisco Pinto Balsemão, then Portugal's ninth prime minister in seven years, pulled off a neat political maneuver.

Under a fire from his own right wing, the 42-year-old former newspaper editor resigned, and was then promptly invited to re-

turn after his critics failed to produce a credible alternative. The incident appears to have strengthened Mr. Balsemão's own position and should provide the political stability he needs to push through his plans to revise the country's constitution and end the government's monopoly in banking.

"This was a political crisis to end political crises and allow us to get on with liberalizing the economy," said Fernando Taveira Rodrigues, a close aide to Mr. Balsemão.

Watching these political moves closely are the representatives of the 15 or so foreign banks that have established representative offices in Lisbon in recent years. An equally attentive spectator is Manuel Jacinto Nunes, the governor of Portugal's central bank, who would regulate the foreign banks if they were allowed in.

Being There

Citibank, Manufacturers Hanover, Chase Manhattan and Bankers Trust are among the U.S. banks that have recently opened offices in Lisbon, along with Barclays of Britain and Banque Nationale de Paris and Credit Commercial et Industriel de France. Applications are pending from several West German and Japanese banks.

In addition, a representative office was recently opened by the Brazilian and Swiss banking interests of the Espírito Santo family, which before the revolution controlled the Banco Espírito Santo e Comercial, Portugal's third-largest bank.

The representative offices that foreign banks set up in Lisbon help their head office-



Manuel Jacinto Nunes
... Cautions that the change will gradual-

ly lead to Portuguese companies and provide economic data for big clients. But as Antonio Vargas Carvano, who runs the Chase office, put it, "The main reason for being here today is that when Portugal allows foreign banks to start branch banking, priority will

(Continued on Page 9, Col. 1)

McDonnell in Line For CX Contract

By David Shribman
New York Times Service
WASHINGTON — McDonnell Douglas has been selected as the prime contractor for the controversial CX cargo aircraft should the Pentagon decide to go ahead with the project.

The plane would serve as transport for the U.S. Rapid Deployment Force.

Air Force Secretary Verne Orr would not specify a cost figure Friday, but if the wide-bodied aircraft designed to land on the rugged terrain of the Middle East and South-west Asia is built, the bill could run as high as \$12 billion.

Friday's decision is only an initial step in responding to the U.S. airlift capability problem. The Pentagon has not made a commitment to build the CX, and the Air Force still is evaluating a number of other transport possibilities, including modifying conventional passenger aircraft to accommodate heavy military equipment such as tanks.

Pentagon officials refused to speculate when Secretary of Defense Caspar W. Weinberger would complete his review of the military airlift options and send his recommendations to Congress.

The CX, which means "cargo experimental," is designed to move military equipment — especially the Army's new XM-1 tank — quickly into trouble spots. It would be used in the early stages of a crisis and would be capable of dropping paratroopers.

McDonnell Douglas was selected as the prime contractor for the project over Boeing and Lockheed.

Unlike the larger C-5A transport, which requires a landing strip more than 4,000 feet long and 150 feet wide (1,220 meters by 46 meters), the CX would be more versatile, capable of landing on rough-hewn strips and requiring a runway as short as 3,000 feet and as narrow as 90 feet.

Fully loaded, the CX is expected to be able to travel 2,400 nautical miles without refueling. Its cargo capacity is expected to be as large as 172,000 pounds (78,000 kilograms) — large enough, in short, to handle the new XM-1 tank.

The CX has been an object of controversy since its conception. More than a year ago, the House Armed Services Committee refused to authorize \$80.7 million in research funds for the CX fleet, fearing the plane would drain funds away from other military projects.

Then, last October, the General Accounting Office raised new doubts about the aircraft, questioning whether the CX would be large enough to carry the XM-1. Meanwhile, Lockheed-Georgia president Robert J. Ormsby Jr. said his company could restart production of the C-5A for as little as \$300 million.

The CX fleet may eventually number 200 aircraft, with the first model expected in 1986. In June, Gen. Robert E. Huyser of the Military Aircraft Command said the United States is "woefully short" in swift transport capacity and he added, "The answer is the CX. Any substitute would compound the problem."

The Air Force also contemplates using the CX in the event of having to support a NATO conflict as well as what it describes as "other contingencies worldwide."

The CX would measure 171 feet in length with a wingspan of 165 feet. It would be powered by four Pratt & Whitney JT10D engines with 37,000 pounds of thrust each.

The aircraft would be operated by the Military Airlift Command and would be in full operation in the early 1990s.

U.S. Firms Fear Legal Blocks to International Data Flow

By David E. Sanger
AP-Dow Jones
BOSTON — U.S.-based multinational corporations, which depend heavily on rapid low-cost computer communications with their foreign branch offices and clients, are becoming alarmed at growing restrictions on the flow of information from country to country.

U.S. banks, insurance companies, airlines, computer and communications companies are warning Congress and President Reagan that foreign restrictions on data transmission raise the cost of doing business. Strictly interpreted, such laws could prevent the transaction of business in some countries, they say.

Nations that have adopted data-protection laws say U.S. companies are alarmed. These countries insist that the regulations primarily insure that information about private citizens receives the same privacy protection when held in foreign computers as it does at home.

A secondary motive, some nations say openly, is to promote domestic data-processing industries, long overshadowed by the U.S. giants. A few present some national-security and national-sovereignty arguments to justify laws that keep some kinds of information within their own boundaries. But officials in Western Europe and Japan, where the topic is hottest, also say they are aware that over-regulation of information flow could backfire on their own economies and that U.S. business has little to worry about.

Nonetheless, big U.S. companies are nervous. American Telephone & Telegraph recently published a 52-page report

for its top executives on threats to international information flow and the future of information policy. American Express, International Business Machines and Chase Manhattan Bank each have established a study group to examine the problem.

No one is certain, however, how Washington should respond. One idea is for the United States to move to guarantee the privacy of data, thus convincing foreign countries that it is a country to which they can safely send information.

The problem lies in the rapid merger of the computer and telecommunications industries over the past two decades. Rather than rely on computers on the premises, companies regularly draw on a host of large computer memory banks, known as data bases, located in many countries around the world. Information is exchanged between memory banks in seconds.

For Western European countries, that technological development led most immediately to concerns over the protection of the privacy of citizens. Since World War II, Western Europeans have been wary of centralized lists of names with addresses, religion or economic status.

The first comprehensive data-protection bill became law in Sweden in 1973. It was followed by similar legislation in West Germany, France, Denmark, Austria and elsewhere.

Last October, the Organization for Economic Cooperation and Development adopted guidelines to standardize legislation of member countries.

Typically, the privacy or data-protection laws require that

companies notify authorities if they maintain computer files about employees, clients, subscribers or suppliers. "Persons" covered by the statutes, which in some countries include corporations, may inspect or correct information.

In most countries, data-inspection board must approve transmission of this information outside the country. It can deny permission if the recipient country fails to provide similar protections for data.

H.P. Domagha, vice president of Control Data and chairman of a committee of U.S. business leaders advising the State Department on the issue, is trying to get U.S. companies to agree to abide by the OECD guidelines, in the hope that voluntary compliance will quiet European demands for a broad U.S. data-protection law.

Still, he and others suspect that some national privacy laws are simply economic protectionism. Foreign corporations defined as "persons" under the law could gain access to traditionally confidential or proprietary information.

According to Henry Ergas, an expert with the OECD, cultural objections also lead France and some other Western European countries to object to over-reliance on U.S. data bases. Services such as The New York Times information bank, they argue, provide a U.S. interpretation of data, not a European view.

But France is trying to build its own data-processing industry without directly restricting access to information. One reason is that France is a major exporter of computer software and considers itself vulnerable to retaliation if it restricts trade.

Money Supply Data May Help Dollar Sector

Carl Gewirtz
International Herald Tribune
PARIS — A larger-than-expected drop in the U.S. money supply announced late Friday coupled with a decline in the cost of overnight money in New York should set a positive tone for the dollar sector of the Eurobond market this week — a decided reversal from the gloom of last week.

The Federal Reserve reported that the M1-B measure of the money supply, the most watched measurement, declined \$3.7 billion in the week ended Wednesday — far surpassing the most optimistic forecasts of a decline of up to \$1 billion. Coupled with a \$200-million

downward revision of the previous week's figures, M1-B over the latest four weeks now registers a 0.9-percent rate of decline from the 15 weeks before and puts the figures well within the Fed's target

EUROBONDS

growth rate of a 7-percent annual rate in the June-September quarter.

In addition, the rate on federal funds in New York ended the week at 16 percent after trading as low as 14 percent Friday afternoon. Welcome as that decline is, after starting the week at 18 percent, the erratic performance of

this key interest rate is sowing considerable confusion.

Nevertheless, the drop in the money supply and the decline in the fed funds rate left many New York analysts speculating late Friday about an imminent reduction in the Fed's four-point surcharge on borrowers who make frequent use of the discount rate, which is at 14 percent. Such a move would confirm that the Fed is actively easing its tight credit policy.

While all this portends bad news for the dollar, which has been buoyed by very high short-term interest rates, it is good news for bond dealers. They can hope that investors will rush to buy high-yielding paper. Dealers can also begin to build up their own inventories of bonds as costs to finance these holdings — overnight money — drops significantly below the interest income to be earned on those bonds.

The dollar fell sharply in New York Friday in the wake of the latest news. It ended at 2.4388 Deutsche marks, down from the 2.4512 DM quoted at the close of European trading Friday and well below Thursday's New York close of 2.4768 DM. On the other hand, bond prices in New York surged in late trading — erasing most of the week's decline that had lifted yields to record highs.

But before reaching for the telephone to place orders to buy bonds, noted these caveats:

- Even if all of Friday's events prove to be a signal for an easing in the Fed's tight-fisted policy, virtually all analysts are agreed that a major decline in short-term interest rates is not likely to be carried over to the bond market. Medium- and long-term interest rates are expected to remain high as borrowers who have been shut out of the very thin bond market rush to float new issues. In addition, New York bond market rates will be kept high by the large borrowings scheduled by the U.S. government, and Eurobond rates will not be able to move far out of line with those in New York.

Competition for Asian Loans Reduces Costs of Borrowing

Carl Gewirtz
International Herald Tribune
PARIS — Fierce competition among banks for new business in Asia is driving down the borrowing costs of countries in that region.

The heaviest competition is to lend money to Indonesia, Malaysia and Thailand — which in Asia are the least indebted and best endowed with petroleum and natural gas to export. But even such debt-

\$14.5 billion is the most heavily indebted with some \$6.6 billion outstanding, is in the market seeking \$100 million for eight years at a cost of 3/4 point over Libor, which is currently 19 percent. The margin is an eighth of a point lower than what the country paid at the end of last year.

Taiwan is another beneficiary of the downturn. In its case, the pressure is reinforced by banks scrambling to win government permission to open branches. Taspower is in the market for \$320 million, of which \$250 million is being syndicated for 10 years at a split margin of 3/4 over Libor for the first seven years and a half point thereafter — a new low for Taiwan.

The final \$70 million is being lent by Manufacturers Hanover Trust for 10 years at an even lower rate — 3/4 point over Libor throughout the period.

Pakistan, an infrequent borrower, is seeking \$100 million for one year at 3/4 point over Libor, down sharply from the 1 1/2 point spread it paid for 12-month money one year ago.

In Latin America, where the major borrowers owe banks from \$20 billion (Argentina) to \$43 billion (Brazil) — well in excess of the outstanding debt of Asian countries — the opposite trend is underway.

Brazil's Debt

Argentina is currently seeking \$300 million for seven years, offering to pay 1 1/4 points over Libor for the first two years, 1 1/2 point over for the next three years and 1 point over Libor for the final two years. Front-end fees, reportedly a hefty 1 1/4 percent, sweeten these terms. This is considerably more expensive than the 3/4 point over Libor Argentina paid for an eight-year loan last May.

Brazil has scored considerable success in fulfilling some of its economic targets, including a sharp

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- Equally important to keep in mind is that one week's favorable trend in the money supply and short-term interest rates does not necessarily portend a continuation of the following week. In addition, the worries that fed last week's gloom in the bond markets — that the U.S. federal deficit is drastically underestimated, that the tax cuts will result in a consumer spending spree rather than a boom in productive investments and that inflation remains feverishly high — remain as valid this week as they were last week.

All of that said, the late week developments should be a boon for the two straight Eurobonds announced last week.

The best received of these was the \$150-million, seven-year offering from Cities Services, whose U.S. debt is rated single-A. The oil and chemicals company is offering a coupon of 17 percent. Bidding, set for Wednesday, will be no less than 99 1/2 nor more than par, lead

(Continued on Page 9, Col. 1)

SYNDICATED LOANS

laden countries as South Korea and the Philippines are benefiting from banks' concentration on the region.

Although borrowing costs for virtually all other developing countries are stable if not rising, those in Asia are decreasing thanks to bankers' views that Asia is likely to remain an area of above-average growth in the coming years. The international banks are trying to position themselves to share in that action.

Malaysia is the center of the most intense competition. The country is reported to be looking for from \$500 to \$600 million and European bankers report that terms on such a loan could well begin at a razor-thin margin of a quarter-point over the London interbank rate for the first two years of an eight-to-10-year loan. That would set a record low for any loan ever syndicated for an Asian borrower.

Philippines in Market

Indonesia is reported to be looking for some \$500 million and Thailand about \$200 million. Both Malaysia and Indonesia not only have relatively small debt to banks, but also have more money deposited with banks than loans outstanding.

The Philippines, which after South Korea with bank debts of

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CURRENCY RATES

Interbank exchange rates for Aug. 28, 1981, excluding bank service charges.

	\$	DM	S.F.	Y.P.	Y.L.	Y.P.	S.F.	Y.P.	S.F.	Y.P.
Amsterdam	2.3400	5.000	171.11	44.27	0.2229	—	6.971	127.24	36.485	—
Buenos Aires	40.28	74.10	14.344	6.920	2.277	14.26	—	18.222	5.275	—
Frankfurt	1.625	4.250	—	12.214	1.9714	89.58	6.105	115.00	31.94	—
London	1.6400	—	—	4.52	10.843	2.9438	5.945	74.943	3.985	14.773
Paris	1.2220	2.3400	49.26	288.15	—	489.70	36.252	374.10	109.88	—
New York	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Porto	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Stockholm	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Switzerland	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Yokohama	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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June 26, 1981

International Bond Prices - Week of Aug. 27

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists various international bonds.

STRAIGHT BONDS All Currencies Except DM

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists straight bonds in various currencies.

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists a wide range of international bonds.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing high-yield bonds with average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing high-yield bonds with average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing bonds with the highest current yields.

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists international bonds, including a section for PHILIPPINES.

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists international bonds.

DM STRAIGHT BONDS

Table with columns: Amt, Security, Maturity, Yield, Price, Life, Curr. Lists DM straight bonds.

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Decline in U.S. Money Supply Could Help Perk Up Dollar Sector

(Continued from Page 7)

manager Credit Suisse First Boston announced.

Although the size of the loan was considered by many bankers to be an impediment, the coupon is the highest ever paid in this market by a borrower of this standing.

Public Service of New Hampshire recently offered a coupon of 17 percent, but the utility's unsecured U.S. debt is rated a much inferior double-B.

Bankers considered the Cities Services coupon to be "great value" and their only criticism aside from the size of the issue was the rather poor call protection.

The borrower can prematurely redeem the issue which probably would be done when rates fall after four years at a penalty premium of 10 1/4%, meaning it would pay \$1,015 for each bond having a face value of \$1,000.

The premium drops to 100% in the fifth year. This represents a two-fold disadvantage to investors: There is a real chance the call provision will be exercised and that threat will limit the potential capital gain.

Investors can hope for. If interest rates fall sharply, a bond paying 17 percent could easily be worth 20 percent more than its face value because as the price of a bond rises, the yield declines. But the over present danger that the issue will be called at 10 1/4% will limit the premium investors are willing to pay for such paper.

This is also true for the \$100 million, seven-year issue floated by the European Investment Bank, which was sold at par bearing a coupon of 16 1/4 percent — a record high for a triple-A rated borrower in this market.

There was considerable clinking about the high coupon in the marketplace, as barely a month ago the EIB chose to cancel a proposed issue rather than sweeten the terms. That \$150 million offering of eight-year paper was to carry a coupon of 15 percent and bankers argued it could have been successfully marketed had the coupon been increased to 15 1/4 percent.

Novel Marketing
The new issue was marketed in a novel way: 120 banks were invited to participate and were told that they would be accorded (high) status as comanagers or (low) status as underwriters depending on the amount of bonds they sought.

The amount needed to qualify for entry into either category was not specified by lead manager Union Bank of Switzerland. In addition, UBS announced that managers would be listed in subsequent public advertisements (so-called tombstones in financial publications) in order of amount subscribed rather than the traditional more anonymous alphabetical order.

Further, banks had less than 24 hours to reply. This procedure was not to everyone's liking. The reply time was deemed too short to allow banks to sound out the buying interest of potential clients. Further, some bankers said they base their decision on whether to participate in such issues, which tend to be difficult to place, on the strength of the management group being organized. In this case, that would not be known until after the fact.

And others claimed that listing managers by size of commitment risked adding a further destabilizing element to marketing of new issues.

A frequently heard complaint is that banks with inferior placement capacities scurry to become comanagers so as to appear in tombstones and gain whatever glory there is to be had from the subsequent advertisements. (These banks then dump the bonds they cannot place in the secondary market, trying to get out of their commitment as quickly and profitably as possible by creating great disturbance in the secondary market.) Listing managers by size of de-

mand, critics argue, risks encouraging poor placers to inflate their demand so as to appear at the top of the list — and to aggravate the subsequent disarray in the secondary market.

UBS reported that 21 banks joined it in the management group (described by one competitor as looking like scrambled eggs) and that another 25 to 30 would be accepted as underwriters.

The bonds opened trading Friday on a when-issued basis at a discount of 98, lifting the yield to 17 percent. This was in line with the yield on some outstanding EIB paper and also a reflection of worries that the EIB, which has filed papers with U.S. authorities for an offering of up to \$500 million, could shortly issue paper in New York carrying a much higher coupon.

The criticisms notwithstanding, the issue was completed in 24 hours and UBS said it had to cut back managers' allotments by 25 percent.

The market for convertible bonds is flooded by Japanese issuers. The coupons, London-based bankers report, have more to do with the domestic rivalries between issuers and between managers than with the state of the market.

Over all, bankers question the capacity of the market to absorb the current volume when for the past seven weeks foreign investors have been net sellers of stocks in the Tokyo market. Among the issuers:

• Toshiba is offering \$100 million of 15-year bonds convertible into shares listed on the Tokyo Stock Exchange at an anticipated premium of 5 percent.

• Sumitomo Metal Industries, \$50 million of 15-year bonds bearing a coupon of 5 1/4 percent (repartly down from an initially planned 5 3/4 percent) convertible into the company's Tokyo-listed shares at anticipated premium of 5 percent. The bonds were quoted on a when-issued basis at a discount of 98 1/4.

• Minolta Camera, \$50 million of 15-year, due 1996. Originally expected to carry a coupon of 5 1/2 percent, a coupon of 5 percent is now indicated. The bonds will be convertible into the camera company's shares at an anticipated 5 percent premium.

• Sanyo Electric is offering \$100 million of 15-year convertibles, also bearing a coupon of 5 percent and convertible into the electronic-products company's shares at an anticipated premium of 5 percent.

• Fujitsu Famm Ltd., a manufacturer of controls systems, is seeking \$50 million for 15 years of offering a coupon of 5 percent and convertible into its Tokyo-listed shares at an anticipated 5-percent premium.

• Jaco Co., one of Japan's largest consumer-credit companies, is raising \$25 million for 15 years, offering a coupon of 5 1/2 percent and convertible into shares at an anticipated premium of 5 to 7 percent over the Tokyo price when final terms are set on Tuesday.

• Settin Paperboard is set to launch a \$30 million, 15-year convertible issue.

Nippon Chemi-Con Corp. increased the size of its 10-year convertible Eurobond to \$25 million from the initially indicated \$20 million and cut the coupon to 5 percent from the indicated 5 1/2 percent. The conversion price was fixed at 919 yen, representing a conversion premium of 5.39 percent over the closing Tokyo stock

price. The exchange rate was set at 229.90 yen per dollar.

In the floating rate market: • Credit Foncier de France, carrying the guarantee of the French government, is offering \$75 million of seven-year floating rates. Interest will be set at a quarter-point over the average of the bid and offered rate of the six-month interbank rate.

• Korea First Bank plans to issue \$30 million of eight-year floating rate notes in London, the first such issue by a South Korean commercial bank. Interest will be set at a quarter-point over the London interbank rate.

• Cofiri, a financial subsidiary of the Italian state holding company IRI, plans to offer \$175 million of eight-year floating rate notes. Interest is to be set at 1/4 point over the London interbank rate for the first four years and 1/2 point over thereafter. Arab Banking Corp. will be lead manager of the issue.

• Industrias Resistol, a Mexican chemical company 39-percent owned by Monsanto, is issuing \$40

million of seven-year floating rate notes with interest set at 1/4 point above the London interbank rate and guaranteed to not fall below 9 percent. Merrill Lynch is lead manager.

• In Singapore, Banque de Paris et des Pays-Bas is raising \$30 million through an issue of five-year floating rate certificates of deposit. Interest will be set at 3/16 point above the six-month Singapore interbank offered rate.

The Deutsche mark sector remains disabled by the high and still rising level of domestic rates. Yields for five-year promissory notes (Bundesobligationen) were raised to 11.49 from 11.22 percent at midweek.

A 10-year issue for the federal government is scheduled to be launched this week but may be held back, bankers report, because of the government's unwillingness to accept the 11-percent coupon that bankers say would be needed to sell the paper.

Against this background, Quebec's 10-year, 150-million

Deutsche mark Eurobond, priced at 99 bearing a coupon of 10 1/4 percent to yield 10.92 percent, ended the week at 96 1/4 for an effective yield of 11.35 percent. And an issue scheduled by Westdeutsche Landesbank for a non-European bank has been postponed.

Elsewhere, Hydro Quebec will offer 40 million European Currency Units of seven-year notes this week. The coupon — which had been expected at 14 percent but which might be set at 14 1/4 percent — will be announced Monday.

In the Mideast, Eurofina is planning to float an eight-year issue of 6 million Kuwaiti dinar. The Swedish Export Credit is raising 7 million dinar through a five-year

issue that is expected to carry a coupon of 10 percent but will be priced to yield 11 1/2 percent.

Table with Eurobond Yields, International institutions, Industrials, long term, etc.

Table with Market Turnover, Week Ended Aug. 28, Cedel, Eurocl, etc.

BEAT INFLATION GUARANTEED. We offer term deposit accounts which produce maximum interest while at the same time giving flexibility of choice and absolute security for your money.

Competition for Asian Loans Reduces Costs of Borrowing

(Continued from Page 7)

reduction in its trade deficit to \$224 million through July from a \$2.3-billion shortfall in the comparable year-earlier period. But it has not succeeded in parlaying its accomplishments into a decline in margins. The sheer size of its debt prevents any reduction, bankers insist.

Currently, Elettronorte, a subsidiary of the state electricity company Eletrobras, is seeking \$150 million. Lenders have the option of setting interest on the eight-year loan at 2 1/2 points over Libor or 2 points over the prime rate of either U.S. or Canadian banks.

Meanwhile, BNDE, Brazil's national development bank, is seeking a medium-term, \$100-million Eurocredit for eight years at a margin of 2 1/2 points over Libor and the cities of Sao Paulo and Rio de Janeiro are said to be waiting to tap the market.

Most attention is now focused on Venezuela, which has finally enacted legislation permitting the government to raise medium-term foreign currency loans. It has authorization to borrow up to \$14 billion, with no less than \$1 billion to be borrowed by end 1983 and the total no later than end 1985. A jumbo loan of \$1 billion or more is expected to be launched in the next few months.

Meanwhile, Venezuela's state power agency, Electricacion del Caroni (Edelca), is seeking \$186.4 million for its Guri dam project. Interest on this 10-year loan will be set at 1/4 point over Libor.

From Mexico, Pemex, the state oil agency, is causing some alarm in the banking community by its seemingly insatiable appetite for money. Pemex, which recently sold \$100 million of floating rate notes in the Asian dollar market after having placed \$75 million of such notes in the Euro market, is currently arranging a bankers acceptance facility in London of £200 million after raising \$4 billion from U.S. banks in June.

Bankers close to Pemex assure callers that the flurry is due to a shortfall in projected cash flow resulting from the drop in oil prices

and the slump in sales. Nevertheless, a \$500-million note facility being arranged by European Banking Co. is taking rather long to put together.

Bankers are being asked to underwrite up to \$50 million each. The notes will be marketed as six-month instruments bearing interest at 1/4 point over Libor. The denomination of the notes and method of marketing will be established when the syndicate is put together.

Managers will earn a participation fee of 17/32 percent. In addition, Pemex will pay banks an annual drawdown fee of 3/4 percent or, if undrawn, a commitment fee of 3/4 percent.

Rumors of an impending \$200-million syndicated loan has not helped the marketing of this note facility and bankers are openly complaining of Pemex's saturation of the market.

Elsewhere, Banco do Chile is raising \$200 million for seven years, offering to pay 1/4 point over Libor for three years and then 1/2 point over Libor or 1/2 point over the prime rate for the first five years and then 3/4 point over the prime rate.

In Europe, the Italian state electricity agency ENEL is seeking \$500 million for eight years, offering a margin of 3/4 point over the prime rate of U.S. or Canadian banks. Ferrovie dello Stato is reportedly planning a \$500-million loan, AGIP is expected to tap the market shortly for \$160 million, and from Rome, Reuters reports that IMI and Iveimer, the state institute for economic development of southern Italy, have opened negotiations to raise a joint loan of up to \$200 million.

Greece is expected to return to the market with a \$100-million operation for Hellenic Telecommunications.

Yugoslavia is currently trying to arrange loans of \$150-to-\$200 million from national syndicates of French, West German, British and U.S. and Canadian banks. The only operation of any size in Africa will be coming for Kenya, which is seeking \$100 million for up to eight years and is likely to pay a margin of 1 point over Libor, bankers report.

Banks Await Portugal Law

(Continued from Page 7)

probably go to banks already here and working with Portuguese industry.

At the central bank, Mr. Nunes agreed that foreign banks that already had representative offices in Portugal would probably be allowed to open branches first. But he warned that banks to be patients. "I don't see foreign banks opening branches here for another two years," he said.

Even then, Mr. Nunes said, he would allow foreign banks to come into Portugal only a step at a time, to prevent their draining away top management from the state banks. The government does not currently plan to return to private hands the nine Portuguese banks taken over in 1974, but only to allow nonstate banks to compete with them.

International banks want to set up shop in Portugal to finance the wave of industrial investment that they expect when the country joins the European Economic Community, perhaps in 1984, and multinational companies take advantage of its cheap but skilled labor force to make it an export base.

An added attraction is the non-competitiveness of Portugal's own heavily protected banks.

REPUBLIC OF ARGENTINA HIDRONOR Hidroelectrica Norpatagonica Sociedad Anonima. 500 Kv Transmission System. a - contract 585 - 586, b - contract 587, c - contract 588 - 589 - 590 - 591 - 592 - 593.

European Atomic Energy Community (EURATOM). Dfls. 75,000,000 12 1/2 per cent. Bonds 1981 due 1987/1991. Annual coupons September 15. Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., etc.

THE KINGDOM OF MOROCCO US \$ 250,000,000 Medium Term Loan. Lead Managed by AL-UBAF GROUP ARAB AFRICAN INTERNATIONAL BANK / AL BAHRAIN ARAB AFRICAN BANK, (E.C.) CAIRO. Co-Lead Managed by LLOYDS BANK INTERNATIONAL LIMITED THE SUMITOMO BANK, LIMITED. Managed by WILLIAMS & GLYN'S BANK LIMITED. Co-Managed by ARAB MONETARY FUND (AMF) ISTITUTO BANCARIO SAN PAOLO DI TORINO, New York Agency.

Table with Gold Options (prices in \$/oz.), Valuers White Weld S.A., 1, Quai du Mont-Blanc, 1211 Geneva 1, Switzerland.

Over-the-Counter

Table of stock prices for various companies, including IBM, AT&T, and others, with columns for bid, ask, and price.

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Angels Win on 5 Errors by Orioles

BALTIMORE — Don Baylor and Rick Burleson backed the eight-hit pitching of Mike Witt with two-run singles Friday night, and the California Angels took advantage of five Baltimore errors to defeat the Orioles, 9-2.

FRIDAY BASEBALL

inning that knocked out Steve Stone (2-4) with a two-run single of reliever Sammy Stewart. The Orioles' third baseman, Doug DeCinces, tied a club record with three of the five errors, two of his misuses being responsible for five unearned runs off Stone.

Baltimore reliever Jeff Schneider was the victim of a three-run Angels' seventh inning, in which the highlight was Burleson's two-run single, his fourth hit of the game. Witt (4-5) survived a two-run first to strike out six and earn his third complete game in 14 starts.

Bobby Grich of the Angels was ejected from the game in the fourth inning for arguing a called third strike.

times in leading New York to a 6-1 victory over Chicago. Mumphrey's leadoff homer in the sixth off Steve Trout (7-5) snapped a 1-1 tie, and his two-run triple highlighted a four-run seventh that broke the game open. Ron Guidry (9-3) celebrated his 31st birthday by allowing only three hits, striking out eight and walking one before giving way to George Frazier in the seventh.

Indians 1, Mariners 0

In Cleveland, Rick Manning singled home Ron Hassey with two out in the ninth inning to give Cleveland a 1-0 victory over Seattle. John Denny (5-4) allowed six hits in posting his first shutout since May 20 of last season.

Brewers 6, Rangers 3

In Milwaukee, Cecil Cooper's three-run homer sparked a six-run first inning that carried Milwaukee past Texas, 6-3. Moose Haas (8-4) benefited from the first inning run of Rick Honeycutt (8-3) to get the victory.

Blue Jays 4, Royals 3

In Toronto, pinch runner George Bell scored the tie-breaking run in the bottom of the eighth in a passed ball by catcher Jamie Quirk, enabling Toronto to snap a five-game losing streak by beating Kansas City, 4-3. Otto Velez led off the Blue Jays' eighth with a double off Ken Brett (1-1), and went to third on Lloyd Moseby's sacrifice bunt. Bell went into run for Velez and scored when Quirk let Brett's pitch get away from him.

Red Sox 12, A's 5

In Boston, the Red Sox capitalized on eight walks to amass their highest run total of the season as Boston beat Oakland, 12-5. Rich Gedman drove in three runs with a single and a double, and Carney Lansford had three hits and scored three runs to spark the Red Sox attack. Bob Ojeda (3-1) went the distance for the victory. Mickey Knotts hit a bases-empty home run and Mike Heath and Cliff Johnson had two-run homers for the A's.

Yankees 6, White Sox 1

In Chicago, Jerry Mumphrey had two triples and a homer, drove in three runs and scored three.

Irwin Holds Lead After 54 Holes of Golf World Series

AKRON, Ohio — Hale Irwin fought his way to a par 70 and stretched his lead to 2 strokes Saturday after the third round of the World Series of Golf.

Irwin, twice a U.S. Open champion and a two-time runner-up in this elite, international event, had a 54-hole total of 206, four strokes under par on the 7,173-yard Firestone Country Club course. He has led or shared the lead throughout the event, which has drawn 27 of the world's best golfers.

Irwin was trailed by Bill Rogers and Larry Nelson. They were tied for second at 208, two under par. Each had a 71 in the humid, hazy weather on Saturday, with Nelson making birdie on the 18th.

Major League Line Scores

Table of Major League line scores for various games, including Philadelphia vs Houston, Cincinnati vs New York, and St. Louis vs San Diego.

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Consolidated Trading Of AMEX Listings

Table of AMEX listings with columns for stock name, bid, ask, and price.

Consolidated Trading Of NYSE Listings

Table of NYSE listings with columns for stock name, bid, ask, and price.

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Table of NYSE listings with columns for stock name, bid, ask, and price.

Detroit's Pickups Seen as Success

BALA CYNWYD, Pa. — A new family of Detroit-produced light pickup trucks will be the domestic auto industry's strongest defense against imports, Chase Econometrics, an economic forecasting concern, believes.

"Our forecasts indicate that the new small pickups... will be the most effective import fighters Detroit has ever developed, as measured by receipt of market share," said William Pochinski, vice president of Automotive Services at Chase Econometrics.

Ford Motor Co. and Chrysler Corp. each plan to introduce small pickup trucks this fall — GM's 5 pickup, Ford's Ranger and Chrysler's L pickup. The report said the Big Three's offerings should rack up sales of 400,000 and capture 21 percent of the pickup market in the 1982 model year, cut the share of imported small pickups in half, from 30 percent to 15 percent; and add 19,000 new jobs by 1983.

American Exchange Options

Table of American Exchange Options with columns for option type, price, and date.

Chicago Exchange Options

Table of Chicago Exchange Options with columns for option type, price, and date.

CLASSIFIED ADVERTISEMENTS (Continued from Back Page) - ESCORTS & GUIDES: CACHET U.S.A., LONDON, Portman Escort Agency, LONDON, BELGRAVIA, AMSTERDAM, HONESTY ESCORT SERVICE, ZURICH. ESCORTS & GUIDES: AMSTERDAM APOLLO, FRANKFURT ESCORT AGENCY, VIENNA - HARMONY ESCORT SERVICE, ATHENS ESCORT SERVICE, OMEGA ESCORT SERVICE, FRANKFURT - WESBADEN - MAINZ, SHELBY Escort Service, DUESSELDORF ESCORT SERVICE. ESCORTS & GUIDES: INTERNATIONAL ESCORT SERVICE, AND PROMOTIONS N.Y./U.S.A., REGENCY - USA, WORLDWIDE MULTILINGUAL ESCORT SERVICE, NEW YORK CITY, CAPRICE ESCORT SERVICE, IN NEW YORK.

'Anything That Starts With 4 Is Slow'

NEW YORK — One opinion that has been held here too long to be lightly dismissed is that if God had intended man to run he would have given him four legs, or at least made him late for a bus.

To be sure, speed of foot might have been useful to some of the young ladies pursued by Jack the Ripper, but unnecessary running is a crime against nature. This goes for the joggers who clutter our country roads and infest our parks, and young men like Sebastian Coe and Steve Ovett who perform publicly in their underwear.

By breaking the world record every few days, those two Limeys are making a mockery of the mile race, which has been traditionally the core and kernel of any track meet. Mention the Millrose Games and the discussion automatically turns to the Wanamaker Mile, as early as the 1952 Helsinki Olympics, the 1,500 meters was described by the French sporting paper, "L'Equipe," as the "bombe atomique" of the Games.

Incidentally, when the bombe went off, little Josie Barthells of Luxembourg was catapulted to the front and the victory so transported him that upon climbing to the winner's stand he buried his face in the bosom of a big American kid named McMillan, who had finished second, and blubbered wetly about "My little country."

Today a world record endures for a week or less and the guy who breaks it can call his shot in advance, as Ovett did the other day in Koblenz, West Germany.

Still, slapping the event around with consummate disrespect has not made it unpopular with the masses. More than 22,000 buffs, considerably more than Obervorth Stadium can handle, saw Ovett chip a piece off Coe's shiny new standard. Nearly 50,000 saw Coe on Friday.

It doesn't seem possible that 27 years have passed since Roger Bannister broke what I have decided to nickname the "four-minute barrier," yet it was May 6, 1954, when he did the deed.

Since man dropped out of a tree and took off with a saber-toothed tiger on his heels, no pedestrian had traveled 5,280

RED SMITH

feet in four minutes. In 1864 one Charles Lawes of Britain had gone the distance in 4 minutes 56 seconds, and 90 years later Sweden's Gunder Hagg had lowered the record to 4:01.4.

May 6, 1954, five days after Determine won the Kentucky Derby, was gray and drizzly at Oxford but Bannister knew that if he waited for ideal weather in that blessed plot, that earth, that realm, that England, hardening of the arteries could set in first. So he ran, and the stopwatch read, 3:59.4.

A month later John Landy did 3:58 flat and took the record to Australia but in the Empire Games that August Bannister beat Landy in 3:58.3 with the Aussie also under four minutes. John's time was 3:59.6. The floodgates were open. Britain's Derek Robson was the next to break the record, then came Herb Elliott of Australia, Peter Snell of New Zealand, France's Michel Jazy, Jim Ryun of the United States, who lowered the mark twice, Filbert Bayi of Tanzania and John Walker, New Zealand.

Walker made 3:49.4 in 1975. That stood for five years, and then along came Coe and Ovett to exchange the record five times, three times in the last two weeks. Coe broke Walker's record and Ovett broke Coe's. On Aug. 19 this year Coe took it back with a mile in 3:48.53 in Zurich, and exactly seven days later Ovett did 3:48.40.

Ovett held the record for two days. On Friday in Brussels, Coe snatched it back with a mile in 3:47.33.

Until recently, human timers worked events like this, hoping that each of them would hit his watch at the starting gun and hit it again at the exact moment the winner reached the tape. They measured time in tenths of a second and when they were lucky several timers got the same time down to a fraction.

Now an electric timer does the work, depending on the starting gun to activate the gismo and the winner to break a beam at the finish. This presumably accurate device splits times down to hundredths instead of tenths and can spot a winner that no human eye could detect.

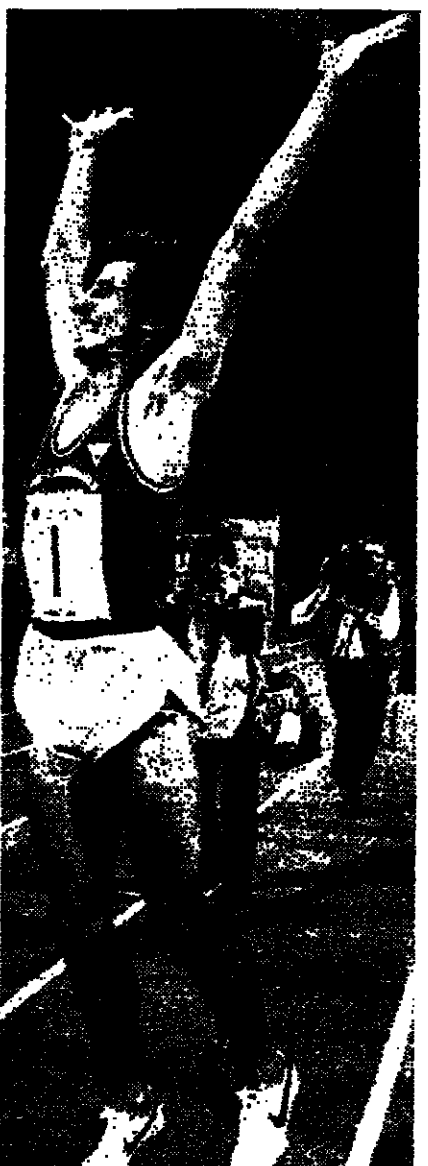
No doubt this is a step forward, if anybody cares. When it comes to the difference between 3:48.53 and 3:48.40, the attention span here is measured in thousands of a second.

Obviously Psychological

Much more interesting than the numbers is the mental attitude involved. It doesn't make sense that scores of miles since 1954 have been faster than all the miles who preceded them in human history. It is obvious now that the barrier was psychological rather than physical.

For a millennium or two, nobody ran a mile in four minutes for the excellent reason that it was impossible. (To be sure, Glenn Cunningham says now that he broke four minutes in practice in high school and he and his coach kept it a secret, but that's no part of recorded history.) Then Roger Bannister showed that it was not impossible, and it was like divine revelation. Suddenly it got to be like this:

Jesse Abramson, covering a Boston track meet for The New York Herald Tribune, was in a taxi with a colleague and they were discussing runners and their times. The cabbie spoke up: "Anything that starts with four," he said, "is slow."



Sebastian Coe ...reclaiming the mile in Brussels.

Rookie Stolen-Base Mark Set by Raines as Expos Win

MONTREAL — Tim Raines, back in the lineup after a two-day absence because of a sore ankle, scored the winning run in the seventh inning on an error by second baseman Glenn Hubbard, enabling the Montreal Expos to defeat the Atlanta Braves, 4-3, Saturday for their fifth straight victory.

Raines, who earlier in the game broke the single-season rookie record for stolen bases, hit a one-

out single then stole his second base of the game and moved to third on an infield out. Andre Dawson then hit a grounder that Hubbard failed to handle, and Raines scored the plate.

Gene Carber was charged with his second loss in five decisions while Jeff Reardon brought his record to 2-0.

The baseball strike ruined any chance of Raines surpassing Lou Brock's record of 118 stolen bases in a season, but he set a major league record for stolen bases by a rookie with his 57th and 58th thefts of the season.

The Braves tied the score, 3-3, in the sixth on run-scoring singles by Hubbard and Bruce Benedict.

BASEBALL ROUNDUP

Cardinals 6, Padres 1
Cardinals 6, Padres 5
In Los Angeles, Bill Buckner drove in two runs with a double in the third inning, and reliever Lee Smith worked out of a bases-loaded jam in the eighth inning to preserve Chicago's 3-1 victory over Los Angeles. Mike Griffin, start-

ing his second game for Chicago since being traded from the New York Yankees, shut out the Dodgers on three singles going into the eighth.

Astros 6, Phillies 1
Astros 2, Phillies 1
In Houston, Billy Smith and Frank LaCorte pitched a six-hitter to lead Houston to a 2-1 victory and a doubleheader sweep of Philadelphia that extended the Phillies' losing streak to five games. In the opener, Kiko Garcia had three hits and drove in three runs to pace the Astros to a 6-1 triumph.

Giants 8, Pirates 3
In San Francisco, shortstop Tim Lincecum dropped a pop fly with the bases loaded in the first inning, allowing three runs to score and starting San Francisco on its way to an 8-3 victory over Pittsburgh. Folli's error on Mill Pitt's pop-up allowed the Giants to score four runs in the first against Luis Tiant (0-3).

Mets 3, Reds 2
In New York, Bruce Berenyi's wild pitch in the seventh inning enabled Alex Trevino to score the tie-breaking run, helping New York defeat Cincinnati, 3-2. Despite striking out 11 to raise his two-game total to 23 against the Mets, Berenyi lost his fourth game in 10 decisions.

Red Sox 7, A's 6
In the American League, at Boston, Carney Lansford drove in four runs to lead Boston to a 7-6 triumph over Oakland before a crowd of 26,318. Lansford, who has seven hits in his last eight at bats, hit a three-run homer in the seventh inning to give the Red Sox a 7-3 lead. It was his fourth home run this season but his first in Fenway Park. Carl Yastrzemski tripled in the sixth inning and drove in a run in the seventh with a fly ball.

Rangers 8, Brewers 5
In Milwaukee, Buddy Bell drove in three runs to help Jon Matlack (4-6) win his first game since May 24 as Texas beat Milwaukee, 8-5. Mario Mendoza's single opened a two-run Texas third against Randy Lerch (4-7). Bell's single scored one of the runs. Al Oliver and Bell had two-run singles in the fourth.

Royals 2, Blue Jays 0
In Toronto, Hal McRae drove in all the runs as Kansas City blanked Toronto 2-0. Mike Jones (2-1) gave up six hits in seven-plus innings, but Dan Quisenberry got his 13th save.

Indians 7, Mariners 3
In Cleveland, Dave Rosello drove in two runs, and Rick Waits (6-7) won his first game of the second season as Cleveland beat Seattle, 7-3, and pulled out of last place. Floyd Bannister (6-6), making his first start since coming off the disabled list, lasted until the second inning, when the Indians scored four runs on a walk and five straight singles.

Twins 7, Tigers 1
In Bloomington, Minn., Tim Lincecum hit his second two-run homer in as many games, and Pete Mackanin and John Castro homered to lead Minnesota to a 7-1 rout of Detroit. Brad Havens (1-3) allowed seven hits in eight innings to win his first game in the majors. This was Lincecum's second major league game.

Yankees 12, White Sox 2
In Chicago, Reggie Jackson hit his first homer in more than three months as New York homered four times to crush Chicago, 12-2. Tommy John (7-4) gave up six hits in seven innings. George Frazier pitched the eighth and Ron Davis finished. Jackson's leadoff homer in the second inning off Richard Dotson (8-5) was his first since May 25 and his seventh of the season. Last year Jackson had 41 homers.

Orioles 4, Angels 3
In Baltimore, Rick Dempsey hit a two-run homer off Geoff Zahn in the fifth inning, leading Baltimore to a 4-3 victory over California.

Major League Standings

Table with columns for National League and American League, listing teams, wins, losses, and percentages. Includes sub-sections for Cubs 3, Dodgers 1 and Avelar Retains WBC Title.

Prost Captures Dutch Grand Prix

ZANDVOORT, Netherlands — Alain Prost of France, in a turbo-charged Renault, fought off a late charge by Alan Jones of Australia Sunday to win the Dutch Grand Prix.

Nelson Piquet of Brazil passed Jones and took second place in his Brabham to move into a tie for the World Drivers Championship with Carlos Reutemann of Argentina. Each has 45 points.

Reutemann collided with Jacques Laffite of France in a Talbot-Liger, another title challenger, while trying to pass the Frenchman and climb into fourth place. The collision put both out of the race.

Many Casualties
Jones, in third, was the only other driver to finish on the same lap as Prost and Piquet in a spectacularly car-wrecking race, in which a first-corner chain of accidents eliminated five cars.

Among the crash victims was Mario Andretti, running back of the field in an Alfa-Romeo. The American escaped unharmed in a major crash when a tire blew.

Prost's time for the 190.224-mile race was 1 hour, 40 minutes, 22.43 seconds, at an average speed of 113.644 mph (182 kph).

"Jones passed me when I was overtaking a back runner and I missed a gear, coming on to the pit straight," Prost said. "But he wasn't looking in his mirrors. I drafted him, and overtook him again braking for the tight corner. Jones is very tough, but a very clean fighter."

It was Prost's second Grand Prix victory. He previously won the French race.

The Jones incident was the only time Prost was headed from his pole position start. It was a well-

come victory for Renault after losing five races when on the pole. Immediately, or from damage within a few laps, the first corner incidents knocked out several cars. They included the Ferraris of Gilles Villeneuve and Didier Pironi; the Talbot-Liger of Patrick Tambay and the Arrows of Rivardo Patrese.

The race was watched by some 70,000 spectators in fine weather, boosting the weekend attendance

Super-Lightweight Title
VIAREGGIO, Italy — Roland Navarrete, the Filipino-born U.S. junior lightweight champion, won the World Boxing Council super-lightweight title Saturday by knocking out Cornelius Boza-Edwards of Uganda in the fifth round of a scheduled 15-rounder.

Bryant 9 Victories Short of Becoming Most Successful Coach
By Gordon S. White Jr.

NEW YORK — The 113th U.S. college football season starts next weekend, and there are three persons everyone will be watching in 1981 — Coach Paul (Bear) Bryant of Alabama; Herschel Walker, the Georgia tailback, and Coach Gerry Faust of Notre Dame.

Bryant, the 67-year-old Arkansas native opens his 37th season as a head coach and 24th as coach of his alma mater, Alabama, when the Crimson Tide plays at Louisiana State. He is just eight victories short of Amos Alonzo Stagg's record of 314 victories as a college football coach. Given the usual bowl appearance by Alabama, Bryant and his team will have 12 chances to win nine games and set the record. He should reach his 315th triumph this season.

Walker, an amazing 19-year-old tailback from Georgia, will be watched closely to see if he can become the first sophomore to win the Heisman Trophy as the nation's outstanding college football player. Georgia, last year's undefeated national champion, opens with Tennessee in Athens, Ga.

Faust, a 45-year-old native of Ohio, has yet to coach a college game. He gets his first chance on Sept. 12 when he leads Notre Dame against LSU at South Bend, Ind. He will then begin to answer the question: Can a successful high school coach from football-crazy Ohio be as successful as a college coach at football-crazy Notre Dame?

The following is a rundown of the prospects of some of the leading teams broken down by region:

East
Joe Paterno, who went to Penn State as an assistant coach in 1950 and became head coach in 1966, has said, "This could be the best team we have had here in the 32 years I've been at Penn State."

Then he hastens to add that the schedule is the most difficult in Penn State history as the Nittany Lions play Nebraska and Miami of Florida, among others, before ending the season against Alabama, Notre Dame and Pittsburgh on successive Saturdays. Penn State might be the best team to finish a season at 8-3 or 7-4.

Curt Warner, who leads a number of good running backs; Todd Blackledge, the quarterback, and Kenny Jackson, a receiver, are some of the reasons Paterno is so optimistic. Sean Farrell, who has no peer, and Mike Munchak are the guards. The good defense suffered when Larry Kubin, an end, opted for professional football instead of a fifth year at college.

Fitt is expected to be back on top next year. Yet Coach Jackie Sherrill's 1981 team has such a favorable schedule that it could possibly go into the finale against Penn State undefeated without being as strong a team as the 1980 Pitt squad. The 1980 team lost only once and finished second in both wire service polls.

Dick MacPherson, a former University of Massachusetts head coach, takes over the Syracuse job in the Carrier Dome. He has Joe Morris, the latest in the long line of excellent Syracuse running backs. An attack based around Morris can be effective if the tailback, who was seriously injured in the Dome last year, does not slide into the wall again. Craig Bingham is a fine linebacker to anchor the best looking Orange defense in years.

Navy continues to demand that its Midshipmen play Notre Dame and Michigan. But there may just be enough letups in the normally grueling schedule for Navy to repeat the 8-3 record of last season before its loss to Houston in the Garden State Bowl.

to more than 100,000. The next race is the Italian Grand Prix at Monza, Sept. 13.

DUTCH GRAND PRIX
1. Alain Prost, Renault Turbo, 1:48:22.4.
2. Nelson Piquet, Brazil, Brabham, 8.24 seconds behind.
3. Alan Jones, Australia, Williams, 25.50.
4. Hector Rebaque, Mexico, Brabham, one lap.
5. Elio de Angelis, Italy, Lotus 97, one lap.
6. Elton Seleraz, Chile, Elpasa, two laps.
7. Stefaned Sloff, Hungary, Arrows, 3 laps.
8. Marc Surer, Switzerland, Theodore, 2 laps.
9. Michele Alboreto, Italy, Tyrrell 011, 4 laps.
10. Silvy Borneud, Sweden, A1s, 4 laps.

FORMULA-1 STANDINGS
1. Carlos Reutemann, Argentina, 45 points.
1. Piquet, 45.
2. Jacques Laffite, France, 34.
3. Jones, 31.
4. Prost, 28.
5. Gilles Villeneuve, Canada, 21.
6. John Watson, Britain, 21.
7. Rene Arnoux, France, 11.
8. Hector Rebaque, Mexico, 11.
9. Elio de Angelis, Italy, 11.
10. De Angelis 11.
11. Eddie Cheever, U.S., 10.



FOTO FINISH — Freddy Maertens of Belgium won the 100-mile professional road cycling Sunday in Rome, crossing the line in a sprint finish barely in front of Giuseppe Saromani of Italy. He completed the 261.4-kilometer (162-mile) race in seven hours, 21 minutes 59 seconds. Bernard Saul of France, the defending champion, came in third.

Arlington Million — Maybe Not So Classic

By Steven Crist
NEW YORK TIMES SERVICE
ARLINGTON HEIGHTS, Ill. The original idea was to put on a good horse race over a well-kept course and try to get some runners from other countries how up. If that had remained the goal of the Arlington Million, we could be disappointed Sunday afternoon at Arlington Park in suburb 15 miles northwest of Chicago. The race that includes horses as John Henry, Argus and such jockeys as Lester J. Steve Cautela and Bill maker is well worth even the \$4 grandstand admission.

The Million has been prodded as much more than 14 nices is going a mile and a quarter, being billed as an instant classic race of races, a world championship. As a result, it has become a target of skepticism and the center of a debate as to the way championship racing should be conducted in this country.

One thing nobody can take away from the race is its most prominent feature: The \$1 million purse, with \$600,000 going to the winner, is the largest that has ever been awarded in a thoroughbred race. Cash is the theme of the promotion, from an official drink called a Cool Million to a tie-in with the state lottery that will make one of 14 ticket-holders an instant millionaire.

The original impulse for the race was not to find an excuse for taking horse racing into a seven-digit era, but for a promotion that would attract attention to this sprawling track, which has never recovered the prestige it enjoyed at its peak in the 1940s and 1950s.

Last December, 1,287 horses were nominated, at \$1,000 each. On June 1, 87 were kept eligible when their owners put up \$2,500. Of the 87, the owners of 52 paid \$3,500 on July 30. A few days later, a panel of racing experts chose 14 starters and ranked 10 alternates for the race.

But the track had to go all the way down to the 10th alternate — Match the Hatch — to fill the 14 positions in the starting gate. Six of the top 14 choices, all near the top of anyone's ranking of the field, were among the defections, including the sole representatives of four foreign countries.

Frequent revisions of the field delighted the race's detractors and put the emphasis on who wasn't running instead of on who was. But Joe Joyce, president of Arlington Park, said there was no remedy to the problem and he expected the same kind of situation at future Millions, because of the fragility of horses and scheduling and travel problems.

As a result, the notion of a championship of champions may be impossible to put together. Any field of the world's top grass runners would have to include the

European classic winners Sbergas and Blue Wind, and American runners such as Great Neck and De La Rose. The top Europeans, with the exception of Argument, are instead pointing toward the annual Arc de Triomphe, to be run Oct. 4 in Paris.

And the Million may merely be competing with the Washington D.C. International for the foreign runners; few trainers will want to ship their classic runners to Chicago in August, then to Paris in October, then to Laurel again for the November race.

2-Year-Old Victor
ARLINGTON HEIGHTS, Ill. (NYT) — Lets Dont Fight came from far behind on a track that seemed composed of quicksand to win the \$508,975 Arlington-Washington Futurity for 2-year-olds Saturday at Arlington Park.

It was the richest 2-year-old race in thoroughbred history, its purse swelled by the \$10,000 supplemental fee paid for 12 of the 16 entries, including the winner.

CFL Standings
Western Division
Hamilton 6 2 0 239 227 110
Ottawa 4 2 0 122 171 288
Montreal 1 7 0 125 127 282
Toronto 2 6 0 200 183 250

Eastern Division
St. Catharines 7 1 0 205 274 179
Edmonton 6 1 0 214 299 137
Windsor 5 2 0 174 229 137
Saskatoon 4 3 0 171 157 146
Calgary 4 4 0 100 175 178

Friday's Games
Winnipeg 21, Ottawa 11
Saskatoon's Games
Hamilton 16, Montreal 11
British Columbia 31, Calgary 21

NFL Exhibition
Friday's Games
Miami 31, Kansas City 7
Atlanta 27, Tampa Bay 7
Buffalo 30, San Diego 21
Seattle 31, Baltimore 17

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Friday's Games
Pittsburgh 31, NY Giants 6
Chicago 31, St. Louis 27
Denver 21, Cincinnati 20
Green Bay 25, Cleveland 18
New Orleans 20, Detroit 17 (at)
NY Jets 14, Philadelphia 13
Oakland 28, Houston 13
Dallas 31, San Francisco 7

Language

Words of Warning

By William Safire

NEW YORK — The warning industry, always wearing a frown, reveals its character in its choice of words.

"Put Stamp Here," directs New York Telephone in that corner of the return-mail envelope that used to say, "No Postage Stamp Necessary if Mailed Within U.S." The phone men add the admonition: "The Post Office Will Not Deliver Mail Without Postage."



Safire

Big fights occur in Washington over warnings. In 1965 Congress passed a bill requiring cigarettes to be labeled: "Caution: Cigarette Smoking May Be Hazardous to Your Health." The Federal Trade Commission and the tobacco companies would over: (1) "Caution," (2) "Warning," (3) "Danger," (4) "May Be Fatal if Smoked." A weak over cleaner, with 2 percent sodium hydroxide, says, "Danger, May Cause Burns," but a strong one, near 10 percent, must say,

"May Cause Severe Burns." Over 10 percent, it has to say, "Poison" and "Causes Severe Burns."

Though deregulation is rampant in Washington these days, the warning business remains in good shape. Product-safety types are looking for ways to go beyond language, the way international traffic signers do, with easily understandable symbols: an eye spurting tears, a gravestone with "R.I.P." even back to the old skull and crossbones, where warning labels all began.

THE BIG NEWS in Washington this summer was the triumph of the Reagan tax cut, and the hot political figure of speech was "boil weevil."

A boll is the seed pod of a plant; a boll weevil is a sharp-beaked beetle whose larva destroys cotton plants.

During the Eisenhower administration, a group of conservative Democrats led first by Howard Smith of Virginia and later by Omar Burleton of Texas, took the name of the familiar bug and applied it to themselves. "We were men of like minds," recalls Burleton. (Not to be confused by teenagers with "men of like minds.")

When the Reagan tax cut was passed, the Democratic-controlled House, this generation's conservative Democrats were not found wanting. One of the new men at the balance of power is Charles W. Stenholm, D-Texas, who recalled yesterday's use by Dixiecrats and put the boll-weevil label on today's conservative Democrats.

He told a Lions Club in Roscoe, Tex., that the moniker was suitable because his group intends to stick around and keep the pressure on the leadership: "People have been trying to eradicate boll weevils for a long, long time."

Without success. The persistence of the hardy critter led some planters to diversify their crops, turning to peanuts along with the cotton.

Not to be metaphorically outdone, a group of two dozen Frost Belt Republicans (the Frost Belt is where the sun never shines) — mainly from cities, and of the moderate (formerly liberal) persuasion — gathered together and called themselves the "Cypsy Moths." In Washington, insects are "in."

New York Times Service

The Nobel Literary Lunch Circuit

By William Tuohy

STOCKHOLM — In a graceful, 18th-century room overlooking Stockholm's oldest square, members of the Swedish Academy gather every Wednesday to discuss routine academy affairs, then repair to a charming old restaurant known as Den Gylden Freden — The Golden Peace.

There, over coffee, cigars and brandy, the conversation invariably turns to the academy's most compelling task: awarding the Nobel Prize for Literature.

For under the terms of Alfred Nobel's will, the 18 members of the Swedish Academy have the responsibility of choosing the recipient of the world's most prestigious literary award.

And their choices have often been controversial. Literary giants Leo Tolstoy, Mark Twain, James Joyce, Joseph Conrad, Thomas Hardy, Franz Kafka, Marcel Proust and August Strindberg have been passed over.

Conversely, in recent years the academy chose such relatively little-known writers as Yasunari Kawabata of Japan, in 1968; Eyvind Johnson and Harry Martinson of Sweden, in 1974; Vicente Aleixandre of Spain, in 1977; and Odysseus Elytis of Greece, in 1979.

"A long list could be made of persons who might have been deserving of the Nobel prize but did not receive it," the Swedish literary commentator Artur Almqvist said.

Some have been candidates but were rejected: Paul Valéry, Stefan George, Maxim Gorky and Benedetto Croce. Many have not received the prize for the simple reason that they were not nominated.

These include Rainer Maria Rilke, who was not really appreciated until after his death.

"Should Be Abolished" One leading critic of the prizes, Olof Lagercrantz of Stockholm, said bluntly, "The whole idea of trying to choose the best writer is ridiculous. The prizes should be abolished."

But in defense of the prizes, Lars Gyllenstein, secretary of the Swedish Academy and a member of the awards committee, declared:

"We are aware of the criticism and the mistakes that have been made in the past. And, of course, there is no such thing as a world's best writer. But a full year's research goes into the selection process, and we do try to survey a wide range of writers."

"In retrospect, Sigmund Freud might have been a good choice for a literature award, and perhaps Carl Jung."

"One must accept a kind of pragmatic procedure and look to the fundamental idea in Alfred Nobel's will as a whole; it was a matter of encouraging science and literature and of disseminating them in an international perspective for the benefit of mankind, but not of handing out empty status awards."

Since 1901 the Nobel prizes have been awarded in literature, peace, medicine, physics and chemistry. In 1969 the Bank of Sweden set up a similar award in economics.

The prizes for physics and chemistry are selected by the Swedish Royal Academy of Sciences, the prize for medicine or physiology by the Caroline Institute in Stockholm, and the peace prize by the Norwegian Nobel Committee in Oslo.

From the beginning, the literature awards have been surrounded by controversy. In fact, it took a few years before the Swedish Academy even agreed to take the responsibility for making the award under Nobel's will, after his death in 1896.

Some of the criticism of the literature awards may simply reflect that there are a lot more people who can read a book than can understand the abstruse principles behind modern physics, chemistry and medical research.

In 1901, the Swedish Academy chose as the first literature laureate the French poet René F. Sully Prudhomme, whose best work was decades behind him.

Of this choice, Artur Almqvist said that when the academy's decision became known, a storm of criticism arose and 42 Swedish authors, artists and critics sent a sympathetic message to Leo Tolstoy, the Russian novelist, who they said should have received the prize.



Alfred Nobel started it all.

Tolstoy had not been nominated that year, and he failed to win in subsequent years as well.

Part of the problem for the Swedish Academy has been the terms of the will of Nobel, the inventor of dynamite. Nobel specified that the prize should be given to "the person who shall have produced in the field of literature the most outstanding work of an idealistic tendency."

The idea of a sort of uplifting idealism is thought to be the reason that such pessimistic observers of human nature as Henrik Ibsen and August Strindberg were never chosen. Similarly, Thomas Hardy was passed over in favor of the more upbeat John Galsworthy.

In many instances it has not been clear whether the academy would select a writer with a recently published major work or one whose main body of work had been accomplished years before.

For instance, Ernest Hemingway was selected shortly after the publication of one of his major books, "The Old Man and the Sea." But the Russian Mikhail Sholokhov received his award in

1965, more than a score of years after the publication of his major work, "Quiet Flows the Don."

Over the years, most of the candidates have been authors — novelists, playwrights, poets — but three have been philosophers: Henri Bergson, whose award came in 1927; Bertrand Russell, 1950, and Jean-Paul Sartre, 1964. There have also been two historians, Theodor Mommsen, 1902, and Winston Churchill, in 1953. France has the most prize winners — 11 — followed by England, Germany, and the United States.

France Leads in Winners The U.S. winners are Sinclair Lewis, 1930; Eugene O'Neill, 1936; Pearl Buck, 1938; William Faulkner, 1954; Hemingway, 1954; John Steinbeck, 1962, and Saul Bellow, 1976. The poet T.S. Eliot, American-born but a naturalized Briton, won in 1948.

Only Sartre has voluntarily refused the literature prize. In 1964, although the Russian Boris Pasternak was compelled to turn it down by the Soviet government in 1958.

Each year, the academy solicits nominations from about 600 people, members of university faculties, learned societies and literary associations — even Nobel laureates. Self-nominations are ruled out.

"We have about 150 nominations to consider this year," Gyllenstein said. "Most are repeat. Some are nominated year after year."

The academy employs a sizable field staff to investigate the works of the nominated authors, consult with literary specialists in their particular area or language, and provide translation from those languages not spoken by members of the academy.

After a year-long selection process, the six-member Nobel committee narrows the entries down to a list of five, arranged according to what the committee thinks are the strongest contenders.

This year the amount of money that goes with the prize has been raised from 800,000 kronor to 1 million kronor — about \$190,000. The money comes from the Nobel Foundation.

PEOPLE: Pope Is Moved by Showing Of Film About His Life

Pope John Paul II, after a private showing of a film about his life, embraced Krystof Zanussi, the Polish director of the \$10-million film, and asked God to reward him. Zanussi had known that the pope approved of the script before he began filming "From a Far Country" in Poland and Rome with Italian and Polish financial backing.

But he said his subject's emotional reaction to the two-hour biography took him by surprise. "From a Far Country" follows the career of Karol Wojtyla, played by Polish actor Cezary Mozulski, from his amateur acting days through his World War II work in a mine under Nazi rule, and includes the story of his relationship with a girl who fell in love with him before he became a priest. The film ends with the first pope from Poland returning to his native land in 1979.

Cardinal Agostino Casaroli, the Vatican secretary of state, sent to Pope John Paul during the screening at the pontiff's summer retreat, Castel Gandolfo. "The pope was affected greatly by seeing many friends from his childhood and his youth," the cardinal said later. "Two years after he challenged Pope John Paul II in Washington on the role of women in the church, Sister Theresa Baines says she has no regrets. Sister Theresa, in Indianapolis for a meeting of the Leadership Conference of Women Religious, said of her statement to the pope when she was president of the conference: "I have an even deeper conviction today that it was important to be said. It was a service to our church, a significant moment for our church."

He's only 13 years old, but Patrick Bossert is a mathematics whiz who can solve the Rubik's cube puzzle in 53 seconds. As a result, he has become a best-selling author. Patrick, who lives in London, wrote a four-page leaflet telling how to solve the puzzle, and sold it to friends. Then Tony Lacey, proprietor of Puffin Books, offered the youth a contract to expand the leaflet into a slim volume called "You Can Do the Cube," and in less than three weeks it has sold 500,000 copies.

Three months ago, CBS newsman Morley Safer publicly deprecatized the culture and cuisine of Buffalo, N.Y. But after a visit to the city, he's singing another tune. "I wrote in my commentary about the mythology, and now I've seen the reality," the anchorman of "60 Minutes" said. Safer, whose 12-hour visit to Buffalo was sponsored by the Chamber of Commerce, said he planned to do another Buffalo commentary. On his June 8 "Morning" show, he spoke of the city's chemical cuisine... greasy, impenetrable eggs, burnt bacon and slow service. "One Buffalo resident, Fran Baska, said he hoped no one would mistreat Safer during his tour, which included stops in two restaurants."

The Sans Souci restaurant, where the power elite of Washington once met to dine and be seen, is up for sale. The place is said to be close to bankruptcy, according to The Washington Post. Even her lunch columnist Art Backwald, once a luminaire regular who held court from his own private banquet, has deserted. Bernard Gorsland, who has owned the Sans Souci for 20 years, is trying to sell the name of the restaurant to a local hotel dining room and sell the lease to another restaurateur. The Post said, but so far there have been no takers. "It's a seven better day," said George Mousse, owner of the restaurant by Hay-Adams Hotel, who turned down the deal. The French restaurant a couple of blocks from the White House used to be the favorite of such power brokers as Henry

A. Kissinger, Robert S. Strauss, the special presidential envoy, and Edward Bennett Williams, the attorney who is president of the Washington Redskins football team and owner of the Baltimore Orioles baseball team.

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An American couple reined their marriage vows on a wedding tower of China's Great Wall before a Chinese official who wished them happiness as enduring as the ancient structure. After the ceremony, Maya Hahn, 31, of Milwaukee, and Air Force Capt. James Greenway, 28, of Colorado Springs, drove to the Summer Palace in Peking, where they signed the wedding certificate, bowed three times in a traditional sign of respect and sat down to a banquet in the Listening-to-the-Orioles Pavilion. She takes photography and art at Clark Air Base in the Philippines; he's a pilot at Clark. The couple decided in April to be married on the Great Wall, the bride said. "Since marriage is to be monumental, we would have a monumental place to start it."

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